# A G E N D A

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE
ORANGE COUNTY, CA

**Thursday, August 13, 2020, 10:00 a.m.**

Join Skype Meeting:
https://meet.lync.com/ocgov-com/gabriela.cabrera/T65H2FVM
Join by Phone: 1 (949) 543-0845, Conference ID: 59649484

**MEETING HELD BY TELECONFERENCE**

**\*\*Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, this meeting will be held by teleconference only\*\***

**ROBERT BROWN (2023)**
AOC CHAIRMAN
Private Sector Member, Fifth District

**MARK WILLE, CPA (2022)**
AOC VICE CHAIRMAN
Private Sector Member, Third District

**SUPERVISOR MICHELLE STEEL**
BOARD CHAIRWOMAN
Second District
Member

**SUPERVISOR ANDREW DO**
BOARD VICE CHAIRMAN
First District
Member

**FRANK KIM**
COUNTY EXECUTIVE OFFICER
Member

**DREW ATWATER (2021)**
Private Sector Member, First District

**VACANT**
Private Sector Member, Second District

**STELLA ACOSTA (2023)**
Private Sector Member, Fourth District

**Non-Voting Members**
Treasurer-Tax Collector:     Shari Freidenrich, CPA
Auditor-Controller:           Frank Davies, CPA

**Staff**
Internal Audit Director:              Aggie Alonso, CPA
Assistant Internal Audit Director:    Scott Suzuki, CPA
Deputy County Counsel:                Ronnie Magsaysay
Clerk:                                Gabriela Cabrera

*All supporting documentation is available for public review 72 hours before the meeting. Documents are available online at http://www.ocgov.com/gov/ia/aoc/agemin.*

This agenda contains a general description of each item to be considered. If you would like to speak on a matter that does not appear on the agenda, you may do so during the Public Comments period at the end of the meeting. When addressing the AOC, please state your name for the record. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Internal Audit Department 72 hours prior to the meeting at (714) 834-5475

# A G E N D A

## 10:00 A.M.

Speaker

1. Roll call

*Robert Brown*
*AOC Chairman*

2. Approve Audit Oversight Committee Regular Meeting Minutes of June 04, 2020

*Robert Brown*
*AOC Chairman*

3. Discuss Board-approved Audit Oversight Committee Bylaws

*Aggie Alonso, CPA*
*Director, Internal Audit*

4. Receive Report on the County's Cybersecurity Program

*Joel Golub*
*CIO, County Executive Office*

5. Receive Introduction from Office of Independent Review Director

*Sergio Perez*
*Director, Office of Independent Review*

6. Receive Report on Required Communication from External Auditors

*Roger Alfaro, CPA*
*Partner, Eide Bailly LLP*

7. Discuss Member Vacancies in Audit Oversight Committee, and Staff Vacancies in Internal Audit Department and Auditor-Controller

*Robert Brown*
*AOC Chairman*

*Frank Davies, CPA*
*Auditor-Controller*

*Aggie Alonso, CPA*
*Director, Internal Audit*

8. Discuss Audit Oversight Committee Retreat Status

*Robert Brown*
*AOC Chairman*

9. Receive Report on Status of Auditor-Controller Mandated Audits

*Frank Davies, CPA*
*Auditor-Controller*

10. Receive Report on Status of Performance Audits

*Michelle Aguirre*
*CFO, County Executive Office*

11. Discuss changes to County internal control policies as a result of Covid-19 and impact on County audits

*Aggie Alonso, CPA*
*Director, Internal Audit*

12. Approve Internal Audit Department's FY 2019-20 4th Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2020

*Aggie Alonso, CPA*
*Director, Internal Audit*

13. Receive Report on Status of External Audit Recommendations Implementation and Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2020

*Scott Suzuki, CPA*
*Assistant Director, Internal Audit*

# A G E N D A

14. Receive Internal Audit Department's Fiscal Year 2019-20 Key
    Performance Indicator Report

*Aggie Alonso, CPA*
*Director, Internal Audit*

15. Receive Report on Internal Audit Department's Independence

*Aggie Alonso, CPA*
*Director, Internal Audit*


**PUBLIC COMMENTS:** At this time, members of the public may address
the AOC on any matter not on the agenda but within the jurisdiction of
the AOC. The AOC may limit the length of time each individual may have
to address the Committee.

*Robert Brown*
*AOC Chairman*

**AOC COMMENTS:** At this time, members of the AOC may comment on
agenda or non-agenda matters and ask questions of, or give directions
to staff, provided that no action may be taken on off-agenda items unless
authorized by law.

*Robert Brown*
*AOC Chairman*

**ADJOURNMENT:**

**NEXT MEETING:**
    Regular Meeting, November 19, 2020, 10 A.M.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 2**

TO:  Audit Oversight Committee Members

<u>Recommended Action</u>:
Approve Audit Oversight Committee Regular Meeting Minutes of June 04, 2020

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Approve Audit Oversight Committee Regular Meeting Minutes of June 04, 2020, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – Summary Minutes for June 04, 2020 Meeting

# S U M M A R Y   M I N U T E S

REGULAR MEETING OF THE AUDIT OVERSIGHT COMMITTEE
ORANGE COUNTY, CA

## Thursday, June 4, 2020, 10:00 A.M.

Meeting held by teleconference

**ROBERT BROWN (2019)**
AOC CHAIRMAN
Private Sector Member, Fifth District

**MARK WILLE, CPA (2022)**
AOC VICE CHAIRMAN
Private Sector Member, Third District

**SUPERVISOR MICHELLE STEEL**
BOARD CHAIRWOMAN
Second District
Member

**SUPERVISOR ANDREW DO**
BOARD VICE CHAIRMAN
First District
Member

**FRANK KIM**
COUNTY EXECUTIVE OFFICER
Member

**DREW ATWATER (2021)**
Private Sector Member, First District

**VACANT**
Private Sector Member, Second District

**STELLA ACOSTA, CPA (2023)**
Private Sector Member, Fourth District

**<u>Non-Voting Members</u>**
Treasurer-Tax Collector:            Absent
Auditor-Controller:                 Frank Davies, CPA

**<u>Staff</u>**
Internal Audit Department:          Aggie Alonso, CPA
Deputy County Counsel:              Ronnie Magsaysay
Clerk:                              Mari Elias

ATTENDANCE:   Robert Brown, AOC Chairman, Private Sector Member
              Mark Wille, AOC Vice Chair, Private Sector Member
              Chris Gaarder, Proxy for Supervisor Andrew Do
              Arie Dana, Proxy for Supervisor Michelle Steel
              Drew Atwater, Private Sector Member
              Stella Acosta, Private Sector Member
              Michelle Aguirre, Proxy for Frank Kim

PRESENT:      Frank Davies, Auditor-Controller
              Aggie Alonso, Director
              Ronnie Magsaysay, Deputy County Counsel
              Mari Elias, Clerk

# S U M M A R Y   M I N U T E S

1. **Roll call and Self Introductions**

   Mr. Robert Brown, Audit Oversight Committee (AOC) Chairman, called the meeting to order at 10:00 A.M. Attendance of AOC Members noted above.

2. **Approve Audit Oversight Committee Regular Meeting Minutes of February 20, 2020**

   Mr. Brown asked for a motion to approve the Audit Oversight Committee Regular Meeting Minutes of February 20, 2020.

   **Motion to approve the minutes by Mr. Wille, seconded by Mr. Atwater.**

   **Vote by Roll Call. All in favor, none opposed.**
   **Approved as recommended**

3. **Discuss Status of Revised Audit Oversight Committee Bylaws**

   Mr. Brown stated that the Revised Audit Oversight Committee Bylaws are scheduled to go to the Board of Supervisors on June 23, 2020.

4. **Receive Report on the County's Cybersecurity Program**

   Mr. Joel Golub, Chief Information Officer, stated that the County had to expand telecommuting quickly. Mr. KC Roestenberg, Chief Information Technology Officer, provided additional details regarding the expansion and impacted IT areas, including deployment of devices and an increase in required internet bandwidth. Mr. Rafael Linares, Chief Information Security Officer, discussed what OCIT is doing to protect the County during this expansion. Mr. Linares emphasized the importance of having trained employees, as they are the first line of defense against attacks.

5. **Receive Report on Required Communication from External Auditors**

   Mr. Roger Alfaro, Partner at Eide Bailly LLC, stated that Eide Bailly is in the risk assessment phase of planning, including updating its understanding of the County. Mr. Alfaro discussed attachment A-2, which highlighted responsibilities, timelines, and the extent of coverage of the external auditors. Eide Bailly continues to receive help from Auditor-Controller Internal Audit Division for fieldwork. Attachment B discussed the unmodified opinion regarding compliance in one of the major programs tested.

6. **Discuss Member Vacancies in Audit Oversight Committee, and Staff Vacancies in Internal Audit Department and Auditor-Controller**

   Mr. Brown introduced Arie Dana, Chief of Staff for Supervisor Steel's office, to provide an update on the status of the Second District Private Sector Member vacancy. Mr. Dana stated the office is working on appointing someone as quickly as possible.

# S U M M A R Y   M I N U T E S

Internal Audit Department Director Aggie Alonso and Auditor-Controller Frank Davies provided an update on the status of their respective department vacant positions. Ms. Michelle Aguirre, County Financial Officer, stated that at the June 2nd Board of Supervisor's meeting, 548 vacant positions were deleted to cover revenue losses of $400 million. The Board of Supervisors approved the recommended base budget, but formal budget adoption was moved to September. Any positions that were deleted will be re-evaluated in September, based on revenue backfill.

## 7.  Discuss Audit Oversight Committee Retreat Status

Mr. Brown stated that the retreat was originally scheduled in March but was postponed indefinitely because it was not considered essential. Mr. Brown stated he would like to revisit the retreat and hold it before the end of the year, but it could be deferred to 2021. Mr. Alonso stated that the retreat could be held sooner than 2021 if done virtually.

## 8.  Receive Report on Status of Auditor-Controller Mandated Audits

Mr. Davies, Auditor-Controller, provided an update on the status of Mandated Audits. Mr. Wille, Audit Oversight Committee Vice Chair, thanked Mr. Davies for his report on the status of mandated audits and for the office's transparency in reporting.

## 9.  Receive Report on Status of Performance Audits

Ms. Aguirre stated there have been some delays in performance audits, but audits continue to move forward. Several reports are in the final stage, with departments preparing responses to findings and recommendations, and others in draft report status.

## 10. Approve Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2020-21

Mr. Alonso presented the Internal Audit Department's Annual Risk Assessment & Audit Plan for FY 2020-21. Mr. Alonso stated that IT audit hours were increased, and Business Process Improvement workshops were postponed due to insufficient staff. Mr. Alonso stated there are 23 audits in the plan, but the department has resources to complete 20 audits.

**Motion to approve the Internal Audit Department Annual Risk Assessment & Audit Plan for FY 2020-21 by Mr. Gaarder, seconded by Mr. Wille.**

**Vote by Roll Call. All in favor, none opposed.**
**Approved as recommended**

## 11. Approve Internal Audit Department's FY 2019-20 3rd Quarter Status Report and Approve Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2020

Mr. Alonso stated the Internal Audit Department issued four final reports and four draft reports for the quarter ended March 31, 2020. The audits had no critical or significant control findings, but there were 7 control findings. Mr. Alonso stated that some audits were postponed due to departments reallocating resources to the COVID-19 response.

# S U M M A R Y   M I N U T E S

**Motion to approve the Internal Audit Department Status Report and Executive Summary for the quarter ended March 31, 2020 by Mr. Wille, seconded by Mr. Brown**

**Vote by Roll Call. All in favor, none opposed.**
**Approved as recommended**

12. **Receive Report on Status of External Audit Recommendations Implementation and Approve Quarterly External Audit Activity Status Report for the Quarter Ended March 31, 2020**

   Mr. Scott Suzuki, Internal Audit Department Assistant Director, presented the External Audit Activity Status Report for the quarter ended March 31, 2020. Mr. Suzuki stated there was one disallowance from the OC Sheriff's Department (OCSD) where the amount of a claim reimbursed to the County was reduced.

   Ms. Noma Crook from OCSD stated that the disallowance had to do with Senate Bill 90. OCSD calculated time from receipt of a dispatch call to identification of a staff report, but OCSD received different guidance from the State of California. Ms. Crook stated that based on OCSD's interpretation of the guidelines, State auditors conducted interviews with investigative staff and allowable time was about half of what OCSD had claimed. Ms. Crook stated that several counties had the same challenges with their claims.

   **Motion to approve the Quarterly External Audit Activity Status Report for the quarter ended March 31, 2020 by Mr. Wille, seconded by Mr. Gaarder**

   **Vote by Roll Call. All in favor, none opposed.**
   **Approved as recommended**

<u>**PUBLIC COMMENTS:**</u> None

<u>**AOC COMMENTS & ADJOURNMENT:**</u>

   **AOC COMMENTS:** Mr. Wille and Mr. Brown thanked all the participants for attending the virtual meeting and thanked Internal Audit Department staff for help with coordinating and the test calls that were held.

   **ADJOURNMENT:** Meeting adjourned at 11:50 A.M.

<u>**NEXT MEETING:**</u>

   Regular Meeting, August 13, 2020, 10 A.M.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 3**

TO:         Audit Oversight Committee Members

Recommended Action:
Discuss Board-approved Audit Oversight Committee Bylaws

Discuss Board-approved Audit Oversight Committee Bylaws, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – Board-approved Audit Oversight Committee Bylaws
Attachment B – Redline Audit Oversight Committee Bylaws: Former bylaws to current version
Attachment C – Redline Audit Oversight Committee Bylaws: Board edits to Audit Oversight Committee approved version

# County of Orange
# Audit Oversight Committee Bylaws
### (Approved by B.O.S. on 7/14/2020)

## ARTICLE 1  ESTABLISHMENT

The Audit Oversight Committee (AOC) was originally established in 1995 by Board of Supervisors' Resolution No. 95-271 to provide oversight over the County's internal audit functions.  This resolution was superseded by Resolution No. 2016-014, which affirmed and amended the duties and responsibilities of the AOC in light of the creation of the position of Performance Audit Director and the transfer of the internal audit responsibilities to the Auditor-Controller's office.  In 2018, the Board of Supervisors adopted Resolution 18-068, establishing an Internal Audit Department independent from the Auditor-Controller and reporting directly to the Board of Supervisors.

## ARTICLE 2  PURPOSE

The purpose of the AOC is to serve as an advisory committee to the Board of Supervisors on issues related to the County's internal audit function and the County's external audit coverage including the financial statements (e.g. CAFR, Single Audit Report and Management Letter) and federal and state audits. The AOC assists the Board of Supervisors in fulfilling their oversight responsibilities with respect to financial, operational, and compliance audit activities including, but not limited to: (i) external audit; (ii) internal audit; (iii) performance audit; and (iv) mandated audits.  The AOC is responsible for ensuring the independence of the internal audit function, reviewing and recommending approval of the Internal Audit Department's and the County Executive Office's Annual Audit Plans, reviewing audit reports, and ensuring that corrective action is taken on audit findings.

## ARTICLE 3  MEMBERSHIP

3.1 The membership of the AOC shall consist of the following:  the Chairperson and Vice-Chairperson of the Board of Supervisors, the County Executive Officer (CEO), and five public members from the private sector appointed by the Board of Supervisors.  All public members shall serve a term of office that is coterminous with the term of the member of the Board of Supervisors that nominated such public member, not to exceed four (4) years.  Members selected to fill a vacancy for reasons other than the regular expiration of a term shall serve only for the remainder of that term.  The public members may be reappointed or removed by the Board of Supervisors.

3.1.1 Public members whose term has expired, including those coterminous with the Board of Supervisors as described in Section 3.1, shall continue to discharge their duties as a holdover appointee until their successor has been appointed by the Board of Supervisors or they have resigned from the AOC, whichever is earlier.

3.2 Each member of the Board of Supervisors may nominate one public member for appointment by the Board of Supervisors.  Public members shall possess sufficient knowledge and experience in finance, business, and accounting to discharge the AOC's duties with an emphasis on prior audit experience (i.e., financial and internal controls).

3.3 In the event that a public member chooses to resign from the AOC, such member should notify the Chair of the AOC, in writing. The Chair of the AOC will then immediately notify the Board of Supervisors and the AOC of any such resignations.  Upon notification, the CEO will then solicit nominations from the appropriate Board of Supervisors office that is responsible for nominating a public member for appointment by the Board of Supervisors to fill the vacancy.

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## Audit Oversight Committee Bylaws

3.4 Members are expected to consistently attend all meetings. If a public member is unable to attend a meeting, absent extenuating circumstances, the public member shall notify the AOC Chair of his or her anticipated absence, prior to the meeting.

3.5 The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector or their authorized designees, shall attend all AOC meetings. The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector shall not be voting members of the AOC.

## ARTICLE 4  CHAIR AND VICE CHAIR - POWERS AND DUTIES

4.1 The Chair and Vice-Chair shall be elected for a one year term extending from January 1st to December 31st, which may be extended for one additional year by a majority vote of the AOC members.

4.2 The Chair's duties include presiding over all AOC meetings, establishing subcommittees, responding to members' requests for information, signing communications on behalf of the AOC and representing the AOC before the Board of Supervisors and other governmental and quasi-governmental bodies, subject to the approval of the other AOC members.

4.3 The Chair and Vice-Chair may review drafts of the Comprehensive Annual Financial Report upon request to the extent that the exemption for the production of such record can be preserved. The Chair and Vice-Chair shall maintain the confidentiality of such draft records and shall not retain copies of such drafts upon the completion of their review.

4.4 In the absence or inability of the Chair to preside over the meetings, the Vice-Chair will perform such duties. If neither the Chair nor Vice-Chair is able to preside, the AOC shall select one of the members to act as Chair for the meeting, and who shall have all the powers and duties of the Chair during the meeting.

4.5 The Chair and Vice-Chair may only be selected from the public members of the AOC. The Chair cannot serve as Vice-Chair in the year immediately following his service as Chair.

4.6 The Chair shall author a brief report to the Board of Supervisors, no later than thirty (30) days after each meeting, noting member attendance and any significant matters to come before the committee.

## ARTICLE 5  MEETINGS

5.1 The AOC shall meet at least quarterly, with authority to convene additional meetings as circumstances require. All meetings shall be subject to the Ralph M. Brown Act.

5.2 An agenda shall be prepared for each meeting by IAD staff and approved for distribution by the AOC Chair. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting of the AOC or as required by the Brown Act. The agenda shall include any item of business that is carried forward from a prior regular meeting at the request of the AOC. The agenda shall be posted within the time and in the manner required by the Brown Act. Additional items may be added to the agenda after it is posted only in accordance with the Brown Act.

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## Audit Oversight Committee Bylaws

5.3      The AOC Chair is required to call a meeting if requested to do so by the Board of Supervisors or two public members.

5.4      The quorum for a meeting shall be a majority of the voting members, and decisions made by a majority vote of the voting members present shall be regarded as acts of the AOC.

5.5      All AOC members will have an equal voice in the decision-making process. Due to the scope of the AOC's assignment, and the value of each member's input, consistent attendance by all members is expected; however, the Chair and Vice-Chair of the Board of Supervisors and the County Executive Officer (CEO) may designate a substitute to attend an AOC meeting on their behalf by submitting the member's signed proxy to the Chair of the AOC at the start of the meeting.

5.6      The Chair may, as necessary, ask authorized representatives of the performance auditor, the Internal Audit Department (IAD), and Auditor-Controller to attend AOC meetings to discuss plans, findings and other matters of mutual concern.

5.7      IAD will keep minutes of each meeting and offer them for AOC approval as the first item on the subsequent meeting agenda.

         5.7.1      Minutes of each meeting shall contain a record of the persons present. The minutes should provide a record of decisions taken and a high-level summary of the discussion, providing insight on the topics and subtopics discussed.

         5.7.2      IAD shall distribute the draft minutes, which will be presented for approval by the AOC at its next scheduled meeting, as soon as reasonably practical following the meeting.

         5.7.3      If the minutes for a prior meeting are corrected or amended during an AOC meeting, such minutes will be sent to the AOC members once approved by the AOC.

5.8      Reports and other documents distributed in conjunction with the AOC agenda shall be distributed in accordance with the Ralph M. Brown Act in advance of the meeting to allow for their review.

5.9      The Chair shall preserve order and decorum. The AOC shall operate under Roberts' Rules and the Chair shall decide all questions of order (unless overridden by a majority of the committee members present) consistent with such rules.

5.10      The AOC's meeting schedule will normally be tentatively set out one year in advance and finalized each quarter so that County management and IAD staff can prepare the information and reports required to support the AOC's work.

## ARTICLE 6    OPERATIONS

6.1      The AOC's Bylaws shall be submitted to the Board of Supervisors for approval. The Bylaws shall be reviewed periodically, no less than once every three years, by the AOC and reaffirmed by the Board of Supervisors. Reassessments should specifically take into account any changes that may be needed as the result of changes in law, regulation, or professional standards.

# County of Orange
## Audit Oversight Committee Bylaws

6.2 Members shall be briefed on the AOC's purpose, responsibilities, objectives, and on the business of the County upon joining the AOC by the Director of IAD. A process of continuing education (e.g., briefings and information on emerging issues and risks) shall be provided at the AOC meetings as approved by the AOC subject to available budget appropriations. Public members shall receive ethics training as required by AB 1234, Government Code sections 53234, *et seq*., which shall be provided by the County.

6.3 The AOC shall be provided with the resources necessary to carry out its role, responsibilities, and duties. To the extent it deems necessary to meet its responsibilities, and in keeping with its Bylaws, the AOC has the authority to retain independent advice and assistance pursuant to County purchasing policy and procedures subject to available budget appropriations.

6.4 The AOC may request funds needed for its operation during the County's normal budget process. Such appropriation will be included within the IAD's budget to be administered by IAD staff.

6.5 The IAD shall provide staffing and support for the AOC. This includes:
   a.    the timely preparation of all notices and draft agendas of meetings;
   b.    coordination of presentations and distribution of reports and/or related documents that are prepared for the AOC's information or consideration;
   c.    the timely preparation and distribution of minutes of meetings; and
   d.    the performance of other incidental duties as may be assigned.

## ARTICLE 7    RESPONSIBILITIES AND DUTIES

7.1 *Representation Letter.* The County Executive Officer will annually provide the AOC with a copy of the signed representation letter issued to the external auditor. Furthermore, the CEO and all County agencies/departments under the authority of the CEO, will cooperate with internal/external auditors and will comply with all laws, regulations, policies, and standards of ethical conduct during the audits, and will request that County elected Department Heads similarly comply.

7.2 *Financial Statements and Reporting.* The AOC shall provide oversight of the County's independent external auditor and shall:
   a.    review the quality of the County's financial reporting activities;
   b.    review all findings, recommendations, and management's responses  related to all external audit reports and consult with external auditors regarding audit adjustments, weaknesses in internal controls, fraud, and compliance matters related to laws, regulations, contracts and grant agreements that would have a material impact on the basic financial statements, included in the Comprehensive Annual Financial Report (CAFR), Single Audit and other audit reports prepared by the County's independent external auditors;
   c.    provide oversight for the periodic review and selection of the County's independent external auditor to perform the audit of the County's basic financial statements included in the CAFR, including all component units and the Single Audit;
   d.    review any additional work beyond the original scope of work conducted by the independent external auditors on behalf of the County;
   e.    review the independent external auditor's scope and plan and any significant changes to the scope during the audit process;

# County of Orange
## Audit Oversight Committee Bylaws

f.   review the draft of the County's CAFR and provide questions and/or comments to the Auditor-Controller for consideration (Chair and Vice-Chair only);

g.   discuss, as needed, with County Counsel, the independent external auditor, and the Director of Internal Audit, legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations, grant agreements and contracts;

h.   review with the independent external auditor the latter's judgments about the quality, not just the acceptability, of the County's accounting principles as applied in its financial reporting;

i.   review all matters required to be discussed by auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States (GAS), including those specific matters covered in AU-C Section 260, *The Auditor's Communication With Those Charged With Governance*;

j.   review with management and the independent external auditor the effect of any regulatory and accounting initiatives, such as related organizations financing structures, derivatives, or securities lending; and

k.   review all alternative treatments of financial information brought to the AOC's attention by the independent external auditor within accounting principles generally accepted in the United States of America (GAAP) that have been discussed with County management and the ramifications of each alternative and the treatment preferred by the County.

7.3   *Oversight of the Audit Function of the Auditor-Controller (AC).*  The AOC shall:

a.   review regularly and annually discuss the adequacy of resources of the audit function;

b.   review and approve the risk assessment and audit plan prepared by the AC and any subsequent revisions;

c.   compare the approved audit plan with actual work completed

d.   review significant findings during the year and management's responses thereto;

e.   discuss with the AC any significant difficulties encountered in the course of AC audits, including any restrictions on the scope of their work or access to required information;

f.   review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and

g.   ensure AC establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.4   *Oversight of the Internal Audit Department.* The AOC shall:

a.   review the County's IAD charter and recommend revisions with all revisions submitted to the Board of Supervisors for its review and approval;

b.   review regularly and annually discuss the adequacy of resources of the internal audit function;

c.   review and approve the risk assessment and internal audit plan prepared by the Director of Internal Audit and any subsequent revisions;

d.   compare the approved internal audit plan with actual work completed

e.   review significant findings during the year and management's responses thereto;

f.   discuss with the Director of Internal Audit any significant difficulties encountered in the course of IAD audits, including any restrictions on the scope of their work or access to required information;

# County of Orange
# Audit Oversight Committee Bylaws

    g.      review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and

    h.      ensure IAD establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.5     *Oversight of Performance Audit.* The AOC shall:

    a.      provide input regarding the County's performance auditing function, including oversight over the auditing activities of the performance auditor;

    b.      review performance audit reports and determine whether they adequately address whether the audited functions are effective, efficient, economical, equitable, compliant with Federal and State laws, ethical, and are based on reliable data;

    c.      review and discuss, as necessary, findings and recommendations contained in performance audit reports and management action plans to address recommendations; and

    d.      review and make recommendations regarding the annual work plan prepared by the County Executive Office.

7.6     *Follow-up Audits.* The AOC shall:

    a.      ensure that there are effective arrangements in place to monitor and follow-up on management action plans responding to recommendations from internal audits or other sources; and

    b.      review and receive reports from the IAD and performance auditor on whether management's action plans have been implemented and whether the actions taken have been effective. The IAD reports shall identify any areas where it believes management has accepted a level of risk that is unacceptable to the County.

7.7     *Peer Review/Quality Control.*

    a.      The AOC shall ensure that an external quality control review (Peer Review) of the IAD be conducted as required by an organization not affiliated with the IAD in accordance with the GAGAS and/or the Institute of Internal Auditors Standards at the discretion of the Director of Internal Audit.

    b.      The AOC shall ensure that an external quality control review (Peer Review) of performance audit be conducted as required by an organization not affiliated with IAD in accordance with the guidelines contained in the Peer Review Guide published by the Association of Local Government Auditors (ALGA).

7.8     *Comprehensive Framework of Internal Control.* The AOC will review with the AC, IAD and CEO the adequacy of the County's internal control structure. The AOC should consider a number of factors:

    a.      the adequacy of the County's internal controls including computerized information systems;

    b.      determine adherence to the principle established in the COSO guidelines including cybersecurity

    c.      significant risks or exposures identified by County management and the steps management has taken or proposes to take to minimize such risks;

    d.      findings and recommendations of the independent external and internal auditors;

    e.      audit adjustments;

    f.      code of conduct;

    g.      Fraud Hotline complaints; and

    h.      pending accounting and regulatory changes.

# County of Orange
## Audit Oversight Committee Bylaws

7.9 *Oversight of Fraud Hotline*. The AOC shall ensure that the Auditor-Controller has established procedures for the receipt, retention, investigation and treatment of Fraud Hotline complaints, that have been referred to the Auditor-Controller.

7.10 *Coordination and Scheduling of Audits*. The AOC shall review and provide recommendations regarding the coordination and scheduling of external, internal and performance audits to avoid disruption of departmental work flows and duplication of effort.

7.11 *Resolution of Audits*. The AOC shall be made aware of incidents in which management does not concur with an audit's findings or recommendations. The AOC may, at its discretion, request applicable management and auditors to appear at an AOC meeting to discuss the differing opinions.

## ARTICLE 8    INDEMNIFICATION OF AOC MEMBERS

The County of Orange will indemnify and defend AOC members, with counsel of the County's sole and exclusive choosing**,** for their participation, decisions, or actions taken on behalf of the AOC. Each AOC member should also familiarize him/herself with County of Orange Conflict of Interest Code and Gift Ban Ordinance requirements and file the appropriate annual certifications.

# County of Orange
# Audit Oversight Committee Bylaws

## ARTICLE 1   ESTABLISHMENT

The Audit Oversight Committee (AOC) was originally established in 1995 by Board of Supervisors' Resolution No. 95-271 to provide oversight over the County's internal audit functions.  This resolution was superseded by Resolution No. 2016-014, which affirmed and amended the duties and responsibilities of the AOC in light of the creation of the position of Performance Audit Director and the transfer of the internal audit responsibilities to the Auditor-Controller's office.  In 2018, the Board of Supervisors adopted Resolution 18-068, establishing an Internal Audit Department independent from the Auditor-Controller and reporting directly to the Board of Supervisors.

## ARTICLE 2   PURPOSE

The purpose of the AOC is to serve as an advisory committee to the Board of Supervisors on issues related to the County's internal audit function and the County's external audit coverage including the financial statements (e.g. CAFR, Single Audit Report and Management Letter) and federal and state audits. The AOC assists the Board of Supervisors in fulfilling their oversight responsibilities with respect to financial, operational, and compliance audit activities including, but not limited to: (i) external audit; (ii) internal audit; (iii) performance audit; and (iv) mandated audits.  The AOC is responsible for ensuring the independence of the internal audit function, reviewing and recommending approval of the Internal Audit Department's and the County Executive Office's Annual Audit Plans, reviewing audit reports, and ensuring that corrective action is taken on audit findings.

## ARTICLE 3   MEMBERSHIP

3.1     The membership of the AOC shall consist of the following:  the Chairperson and Vice-Chairperson of the Board of Supervisors, the County Executive Officer (CEO), and five public members from the private sector appointed by the Board of Supervisors.  All public members shall serve a term of office that is coterminous with the term of the member of the Board of Supervisors that nominated such public member, not to exceed of four (4) years, except tha.  Mt members selected to fill a vacancy for reasons other than the regular expiration of a term shall serve only for the remainder of that term.  The public members may be reappointed or removed by the Board of Supervisors.

    3.1.1   Public members whose term has expired, including those coterminous with the Board of Supervisors as described in Section 3.1, shall continue to discharge their duties as a holdover appointee until their successor has been appointed by the Board of Supervisors or they have resigned from the AOC, whichever is earlier.

3.2     Each member of the Board of Supervisors may nominate one public member for appointment by the Board of Supervisors.  Public members shall possess sufficient knowledge and experience in finance, business, and accounting to discharge the AOC's duties with an emphasis on prior audit experience (i.e., financial and internal controls).

3.3     In the event that a public member chooses to resign from the AOC, such member should notify the Chair of the AOC, in writing. The Chair of the AOC will then immediately notify the Board of Supervisors and the AOC of any such resignations.  Upon notification, the CEO will then solicit nominations from the appropriate Board of Supervisors office that is responsible for nominating a public member for appointment by the Board of Supervisors to fill the vacancy.

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3.4     Members are expected to consistently attend all meetings.  If a public member is unable to attend a meeting, absent extenuating circumstances, the public member shall notify the AOC Chair of his or her anticipated absence, prior to the meeting.

3.54    The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector or their authorized designees, shall attend all AOC meetings.  The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector shall not be voting members of the AOC.

## ARTICLE 4    CHAIR AND VICE CHAIR - POWERS AND DUTIES

4.1     The Chair and Vice-Chair shall be elected for a one year term extending from January 1st to December 31st, which may be extended for one additional year by a majority vote of the AOC members.

4.2     The Chair's duties include presiding over all AOC meetings, establishing subcommittees, responding to members' requests for information, signing communications on behalf of the AOC and representing the AOC before the Board of Supervisors and other governmental and quasi-governmental bodies, subject to the approval of the other AOC members.

4.3     The Chair and Vice-Chair may review drafts of the Comprehensive Annual Financial Report upon request to the extent that the exemption for the production of such record can be preserved.  The Chair and Vice-Chair shall maintain the confidentiality of such draft records and shall not retain copies of such drafts upon the completion of their review.

4.4     In the absence or inability of the Chair to preside over the meetings, the Vice-Chair will perform such duties. If neither the Chair nor Vice-Chair is able to preside, the AOC shall select one of the members to act as Chair for the meeting, and who shall have all the powers and duties of the Chair during the meeting.

4.5     The Chair and Vice-Chair may only be selected from the public members of the AOC. The Chair cannot serve as Vice-Chair in the year immediately following his service as Chair.

4.6     The Chair shall author a brief report to the Board of Supervisors, no later than thirty (30) days after each meeting, noting member attendance and any significant matters to come before the committee.

## ARTICLE 5    MEETINGS

5.1     The AOC shall meet at least quarterly, with authority to convene additional meetings as circumstances require. All meetings shall be subject to the Ralph M. Brown Act.

5.2     An agenda shall be prepared for each meeting by IAD staff and approved for distribution by the AOC Chair.  The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting of the AOC or as required by the Brown Act. The agenda shall include any item of business that is carried forward from a prior regular meeting at the request of the AOC. The agenda shall be posted within the

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## Audit Oversight Committee Bylaws

time and in the manner required by the Brown Act. Additional items may be added to the agenda after it is posted only in accordance with the Brown Act.

5.3    The AOC Chair is required to call a meeting if requested to do so by the Board of Supervisors or two public members.

5.4    The quorum for a meeting shall be a majority of the voting members, and decisions made by a majority vote of the voting members present shall be regarded as acts of the AOC.

5.5    All AOC members will have an equal voice in the decision-making process. Due to the scope of the AOC's assignment, and the value of each member's input, consistent attendance by all members is expected; however, the Chair and Vice-Chair of the Board of Supervisors and the County Executive Officer (CEO) may designate a substitute to attend an AOC meeting on their behalf by submitting the member's signed proxy to the Chair of the AOC at the start of the meeting.

5.6    The Chair may, as necessary, ask authorized representatives of the performance auditor, the Internal Audit Department (IAD), and Auditor-Controller to attend AOC meetings to discuss plans, findings and other matters of mutual concern.

5.7    IAD will keep minutes of each meeting and offer them for AOC approval as the first item on the subsequent meeting agenda.

   5.7.1    Minutes of each meeting shall contain a record of the persons present. The minutes should provide a record of decisions taken and a high-level summary of the discussion, providing insight on the topics and subtopics discussed.

   5.7.2    IAD shall distribute the draft minutes, which will be presented for approval by the AOC at its next scheduled meeting, as soon as reasonably practical following the meeting.

   5.7.3    If the minutes for a prior meeting are corrected or amended during an AOC meeting, such minutes will be sent to the AOC members once approved by the AOC.

5.8    Reports and other documents distributed in conjunction with the AOC agenda shall be distributed in accordance with the Ralph M. Brown Act in advance of the meeting to allow for their review.

5.9    The Chair shall preserve order and decorum. The AOC shall operate under Roberts' Rules and the Chair shall decide all questions of order (unless overridden by a majority of the committee members present) consistent with such rules.

5.10   The AOC's meeting schedule will normally be tentatively set out one year in advance and finalized each quarter so that County management and IAD staff can prepare the information and reports required to support the AOC's work.

## ARTICLE 6    OPERATIONS

6.1    The AOC's Bylaws shall be submitted to the Board of Supervisors for approval. The Bylaws shall be reviewed periodically, no less than once every three years, by the AOC and reaffirmed by the Board of Supervisors. Reassessments should specifically take into

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account any changes that may be needed as the result of changes in law, regulation, or professional standards.

6.2      Members shall be briefed on the AOC's purpose, responsibilities, objectives, and on the business of the County upon joining the AOC by the Director of IAD. A process of continuing education (e.g., briefings and information on emerging issues and risks) shall be provided at the AOC meetings as approved by the AOC subject to available budget appropriations. Public members shall receive ethics training as required by AB 1234, Government Code sections 53234, *et seq*., which shall be provided by the County.

6.3      The AOC shall be provided with the resources necessary to carry out its role, responsibilities, and duties. To the extent it deems necessary to meet its responsibilities, and in keeping with its Bylaws, the AOC has the authority to retain independent advice and assistance pursuant to County purchasing policy and procedures subject to available budget appropriations.

6.4      The AOC may request funds needed for its operation during the County's normal budget process. Such appropriation will be included within the IAD's budget to be administered by IAD staff.

6.5      The IAD shall provide staffing and support for the AOC. This includes:
     a.      the timely preparation of all notices and draft agendas of meetings;
     b.      coordination of presentations and distribution of reports and/or related documents that are prepared for the AOC's information or consideration;
     c.      the timely preparation and distribution of minutes of meetings; and
     d.      the performance of other incidental duties as may be assigned.

## ARTICLE 7      RESPONSIBILITIES AND DUTIES

7.1      *Representation Letter.* The County Executive Officer will annually provide the AOC with a copy of the signed representation letter issued to the external auditor. Furthermore, the CEO and all County agencies/departments under the authority of the CEO, will cooperate with internal/external auditors and will comply with all laws, regulations, policies, and standards of ethical conduct during the audits, and will request that County elected Department Heads similarly comply.

7.2      *Financial Statements and Reporting.* The AOC shall provide oversight of the County's independent external auditor and shall:
     a.      review the quality of the County's financial reporting activities;
     b.      review all findings, recommendations, and management's responses related to all external audit reports and consult with external auditors regarding audit adjustments, weaknesses in internal controls, fraud, and compliance matters related to laws, regulations, contracts and grant agreements that would have a material impact on the basic financial statements, included in the Comprehensive Annual Financial Report (CAFR), Single Audit and other audit reports prepared by the County's independent external auditors;
     c.      provide oversight for the periodic review and selection of the County's independent external auditor to perform the audit of the County's basic financial statements included in the CAFR, including all component units and the Single Audit;
     d.      review any additional work beyond the original scope of work conducted by the independent external auditors on behalf of the County;

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    e.     review the independent external auditor's scope and plan and any significant changes to the scope during the audit process;

    f.     review the draft of the County's CAFR and provide questions and/or comments to the Auditor-Controller for consideration (Chair and Vice-Chair only);

    g.     discuss, as needed, with County Counsel, the independent external auditor, and the Director of Internal Audit, legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations, grant agreements and contracts;

    h.     review with the independent external auditor the latter's judgments about the quality, not just the acceptability, of the County's accounting principles as applied in its financial reporting;

    i.     review all matters required to be discussed by auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States (GAS), including those specific matters covered in AU-C Section 260, *The Auditor's Communication With Those Charged With Governance*;

    j.     review with management and the independent external auditor the effect of any regulatory and accounting initiatives, such as related organizations financing structures, derivatives, or securities lending; and

    k.     review all alternative treatments of financial information brought to the AOC's attention by the independent external auditor within accounting principles generally accepted in the United States of America (GAAP) that have been discussed with County management and the ramifications of each alternative and the treatment preferred by the County.

7.3    *Oversight of the Audit Function of the Auditor-Controller (AC).*  The AOC shall:

    a.     review regularly and annually discuss the adequacy of resources of the audit function;

    b.     review and approve the risk assessment and audit plan prepared by the AC and any subsequent revisions;

    c.     compare the approved audit plan with actual work completed

    d.     review significant findings during the year and management's responses thereto;

    e.     discuss with the AC any significant difficulties encountered in the course of AC audits, including any restrictions on the scope of their work or access to required information;

    f.     review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and

    g.     ensure AC establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.4    *Oversight of the Internal Audit Department.* The AOC shall:

    a.     review the County's IAD charter and recommend revisions with all revisions submitted to the Board of Supervisors for its review and approval;

    b.     review regularly and annually discuss the adequacy of resources of the internal audit function;

    c.     review and approve the risk assessment and internal audit plan prepared by the Director of Internal Audit and any subsequent revisions;

    d.     compare the approved internal audit plan with actual work completed

    e.     review significant findings during the year and management's responses thereto;

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    f.      discuss with the Director of Internal Audit any significant difficulties encountered in the course of IAD audits, including any restrictions on the scope of their work or access to required information;

    g.      review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and

    h.      ensure IAD establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.5    *Oversight of Performance Audit.* The AOC shall:

    a.      provide input regarding the County's performance auditing function, including oversight over the auditing activities of the performance auditor;

    b.      review performance audit reports and determine whether they adequately address whether the audited functions are effective, efficient, economical, equitable, compliant with Federal and State laws, ethical, and are based on reliable data;

    c.      review and discuss, as necessary, findings and recommendations contained in performance audit reports and management action plans to address recommendations; and

    d.      review and make recommendations regarding the annual work plan prepared by the County Executive Office.

7.6    *Follow-up Audits.* The AOC shall:

    a.      ensure that there are effective arrangements in place to monitor and follow-up on management action plans responding to recommendations from internal audits or other sources; and

    b.      review and receive reports from the IAD and performance auditor on whether management's action plans have been implemented and whether the actions taken have been effective. The IAD reports shall identify any areas where it believes management has accepted a level of risk that is unacceptable to the County.

7.7    *Peer Review/Quality Control.*

    a.      The AOC shall ensure that an external quality control review (Peer Review) of the IAD be conducted as required by an organization not affiliated with the IAD in accordance with the GAGAS and/or the Institute of Internal Auditors Standards at the discretion of the Director of Internal Audit.

    b.      The AOC shall ensure that an external quality control review (Peer Review) of performance audit be conducted as required by an organization not affiliated with IAD in accordance with the guidelines contained in the Peer Review Guide published by the Association of Local Government Auditors (ALGA).

7.8    *Comprehensive Framework of Internal Control.* The AOC will review with the AC, IAD and CEO the adequacy of the County's internal control structure. The AOC should consider a number of factors:

    a.      the adequacy of the County's internal controls including computerized information systems;

    b.      determine adherence to the principle established in the COSO guidelines including cybersecurity

    c.      significant risks or exposures identified by County management and the steps management has taken or proposes to take to minimize such risks;

    d.      findings and recommendations of the independent external and internal auditors;

    e.      audit adjustments;

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    f.      code of conduct;

    g.      Fraud Hotline complaints; and

    h.      pending accounting and regulatory changes.

7.9    *Oversight of Fraud Hotline.* The AOC shall ensure that the Auditor-Controller~~IAD~~ has established procedures for the receipt, retention, investigation and treatment of Fraud Hotline complaints, ~~which~~ that have been referred to the Auditor-Controller.

7.10    *Coordination and Scheduling of Audits.* The AOC shall review and provide recommendations regarding the coordination and scheduling of external, internal and performance audits to avoid disruption of departmental work flows and duplication of effort.

7.11    *Resolution of Audits.* The AOC shall be made aware of incidents in which management does not concur with an audit's findings or recommendations. The AOC may, at its discretion, request applicable management and auditors to appear at an AOC meeting to discuss the differing opinions.

## ARTICLE 8    INDEMNIFICATION OF AOC MEMBERS

The County of Orange will indemnify and defend AOC members, with counsel of the County's sole and exclusive choosing**,** for their participation, decisions, or actions taken on behalf of the AOC. Each AOC member should also familiarize him/herself with County of Orange Conflict of Interest Code and Gift Ban Ordinance requirements and file the appropriate annual certifications.

# County of Orange
## Audit Oversight Committee Bylaws

### ARTICLE 1  ESTABLISHMENT

The Audit Oversight Committee (AOC) was originally established in 1995 by Board of Supervisors' Resolution No. 95-271 to provide oversight over the County's internal audit functions.  This resolution was superseded by Resolution No. 2016-014, which affirmed and amended the duties and responsibilities of the AOC in light of the creation of the position of Performance Audit Director and the transfer of the internal audit responsibilities to the Auditor-Controller's office.  In 2018, the Board of Supervisors adopted Resolution 18-068, establishing an Internal Audit Department independent from the Auditor-Controller and reporting directly to the Board of Supervisors.

### ARTICLE 2  PURPOSE

The purpose of the AOC is to serve as an advisory committee to the Board of Supervisors on issues related to the County's internal audit function and the County's external audit coverage including the financial statements (e.g. CAFR, Single Audit Report and Management Letter) and federal and state audits. The AOC assists the Board of Supervisors in fulfilling their oversight responsibilities with respect to financial, operational, and compliance audit activities including, but not limited to: (i) external audit; (ii) internal audit; (iii) performance audit; and (iv) mandated audits.  The AOC is responsible for ensuring the independence of the internal audit function, reviewing and recommending approval of the Internal Audit Department's and the County Executive Office's Annual Audit Plans, reviewing audit reports, and ensuring that corrective action is taken on audit findings.

### ARTICLE 3  MEMBERSHIP

3.1 The membership of the AOC shall consist of the following:  the Chairperson and Vice-Chairperson of the Board of Supervisors, the County Executive Officer (CEO), and five public members from the private sector appointed by the Board of Supervisors.  All public members shall serve a term of office that is coterminous with the term of the member of the Board of Supervisors that nominated such public member, not to exceed of four (4) years, except tha.  Mt members selected to fill a vacancy for reasons other than the regular expiration of a term shall serve only for the remainder of that term.  The public members may be reappointed or removed by the Board of Supervisors.

3.1.1 Public members whose term has expired, including those coterminous with the Board of Supervisors as described in Section 3.1, shall continue to discharge their duties as a holdover appointee until their successor has been appointed by the Board of Supervisors or they have resigned from the AOC, whichever is earlier.

3.2 Each member of the Board of Supervisors may nominate one public member for appointment by the Board of Supervisors.  Public members shall possess sufficient knowledge and experience in finance, business, and accounting to discharge the AOC's duties with an emphasis on prior audit experience (*i.e.*, financial and internal controls).

3.2.1 The AOC may recommend individuals to the Board of Supervisors as potential nominees to fill vacant public member seats.

3.3 In the event that a public member chooses to resign from the AOC, such member should notify the Chair of the AOC, in writing. The Chair of the AOC will then immediately notify the Board of Supervisors and the AOC of any such resignations.  Upon notification, the CEO will then solicit nominations from the appropriate Board of Supervisors office that is responsible for nominating a public member for appointment by the Board of Supervisors to fill the vacancy.

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## Audit Oversight Committee Bylaws

3.4 Members are expected to consistently attend all meetings. If a public member is unable to attend a meeting, absent extenuating circumstances, the public member shall notify the AOC Chair of his or her anticipated absence, prior to the meeting. ~~Any absence without prior notification to the AOC Chair, shall be deemed an unnoticed absence. If a public member has two unnoticed absences out of five (5) meetings, the public member shall be notified of their pending removal from the AOC. The public member shall then have thirty (30) days to appeal the matter by written letter to the AOC, which if timely received, shall be agendized for the next regularly scheduled AOC meeting. If the matter is not appealed, the seat shall be deemed vacant. If the matter is appealed, the remaining AOC members shall vote on whether the seat shall be vacated. If vacated, the vacancy shall be filled pursuant to Sections 3.3 and 3.5 as applicable.~~

3.5 ~~In the event that a public member's seat remains vacant for one hundred eighty-three (183) days or more, the AOC Chair may, upon prior notification to the Board of Supervisors, select an interim public member to fill the vacancy. The interim public member shall serve only until the Board of Supervisors selects a public member to fill the vacancy.~~

3.6~~4~~ The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector or their authorized designees, shall attend all AOC meetings. The Director of Internal Audit, Auditor-Controller, and Treasurer-Tax Collector shall not be voting members of the AOC.

## ARTICLE 4 CHAIR AND VICE CHAIR - POWERS AND DUTIES

4.1 The Chair and Vice-Chair shall be elected for a one year term extending from January 1st to December 31st, which may be extended for one additional year by a majority vote of the AOC members.

4.2 The Chair's duties include presiding over all AOC meetings, establishing subcommittees, responding to members' requests for information, signing communications on behalf of the AOC and representing the AOC before the Board of Supervisors and other governmental and quasi-governmental bodies, subject to the approval of the other AOC members.

4.3 The Chair and Vice-Chair may review drafts of the Comprehensive Annual Financial Report upon request to the extent that the exemption for the production of such record can be preserved. The Chair and Vice-Chair shall maintain the confidentiality of such draft records and shall not retain copies of such drafts upon the completion of their review.

4.4 In the absence or inability of the Chair to preside over the meetings, the Vice-Chair will perform such duties. If neither the Chair nor Vice-Chair is able to preside, the AOC shall select one of the members to act as Chair for the meeting, and who shall have all the powers and duties of the Chair during the meeting.

4.5 The Chair and Vice-Chair may only be selected from the public members of the AOC. The Chair cannot serve as Vice-Chair in the year immediately following his service as Chair.

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4.6 The Chair shall author a brief report to the Board of Supervisors, no later than thirty (30) days after each meeting, noting member attendance and any significant matters to come before the committee.

**ARTICLE 5    MEETINGS**

5.1 The AOC shall meet at least quarterly, with authority to convene additional meetings as circumstances require. All meetings shall be subject to the Ralph M. Brown Act.

5.2 An agenda shall be prepared for each meeting by IAD staff and approved for distribution by the AOC Chair.  The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting of the AOC or as required by the Brown Act. The agenda shall include any item of business that is carried forward from a prior regular meeting at the request of the AOC. The agenda shall be posted within the time and in the manner required by the Brown Act. Additional items may be added to the agenda after it is posted only in accordance with the Brown Act.

5.3 The AOC Chair is required to call a meeting if requested to do so by the Board of Supervisors or two public members.

5.4 The quorum for a meeting shall be a majority of the voting members, and decisions made by a majority vote of the voting members present shall be regarded as acts of the AOC.

5.5 All AOC members will have an equal voice in the decision-making process. Due to the scope of the AOC's assignment, and the value of each member's input, consistent attendance by all members is expected; however, the Chair and Vice-Chair of the Board of Supervisors and the County Executive Officer (CEO) may designate a substitute to attend an AOC meeting on their behalf by submitting the member's signed proxy to the Chair of the AOC at the start of the meeting.

5.6 The Chair may, as necessary, ask authorized representatives of the performance auditor, the Internal Audit Department (IAD), and Auditor-Controller to attend AOC meetings to discuss plans, findings and other matters of mutual concern.

5.7 IAD will keep minutes of each meeting and offer them for AOC approval as the first item on the subsequent meeting agenda.

    5.7.1 Minutes of each meeting shall contain a record of the persons present. The minutes should provide a record of decisions taken and a high-level summary of the discussion, providing insight on the topics and subtopics discussed.

    5.7.2 IAD shall distribute the draft minutes, which will be presented for approval by the AOC at its next scheduled meeting, as soon as reasonably practical following the meeting.

    5.7.3 If the minutes for a prior meeting are corrected or amended during an AOC meeting, such minutes will be sent to the AOC members once approved by the AOC.

5.8 Reports and other documents distributed in conjunction with the AOC agenda shall be distributed in accordance with the Ralph M. Brown Act in advance of the meeting to allow for their review.

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# Audit Oversight Committee Bylaws

5.9 The Chair shall preserve order and decorum. The AOC shall operate under Roberts' Rules and the Chair shall decide all questions of order (unless overridden by a majority of the committee members present) consistent with such rules.

5.10 The AOC's meeting schedule will normally be tentatively set out one year in advance and finalized each quarter so that County management and IAD staff can prepare the information and reports required to support the AOC's work.

## ARTICLE 6    OPERATIONS

6.1 The AOC's Bylaws shall be submitted to the Board of Supervisors for approval. The Bylaws shall be reviewed periodically, no less than once every three years, by the AOC and reaffirmed by the Board of Supervisors. Reassessments should specifically take into account any changes that may be needed as the result of changes in law, regulation, or professional standards.

6.2 Members shall be briefed on the AOC's purpose, responsibilities, objectives, and on the business of the County upon joining the AOC by the Director of IAD. A process of continuing education (e.g., briefings and information on emerging issues and risks) shall be provided at the AOC meetings as approved by the AOC subject to available budget appropriations. Public members shall receive ethics training as required by AB 1234, Government Code sections 53234, *et seq*., which shall be provided by the County.

6.3 The AOC shall be provided with the resources necessary to carry out its role, responsibilities, and duties. To the extent it deems necessary to meet its responsibilities, and in keeping with its Bylaws, the AOC has the authority to retain independent advice and assistance pursuant to County purchasing policy and procedures subject to available budget appropriations.

6.4 The AOC may request funds needed for its operation during the County's normal budget process. Such appropriation will be included within the IAD's budget to be administered by IAD staff.

6.5 The IAD shall provide staffing and support for the AOC. This includes:
   a.   the timely preparation of all notices and draft agendas of meetings;
   b.   coordination of presentations and distribution of reports and/or related documents that are prepared for the AOC's information or consideration;
   c.   the timely preparation and distribution of minutes of meetings; and
   d.   the performance of other incidental duties as may be assigned.

## ARTICLE 7    RESPONSIBILITIES AND DUTIES

7.1 *Representation Letter.* The County Executive Officer will annually provide the AOC with a copy of the signed representation letter issued to the external auditor. Furthermore, the CEO and all County agencies/departments under the authority of the CEO, will cooperate with internal/external auditors and will comply with all laws, regulations, policies, and standards of ethical conduct during the audits, and will request that County elected Department Heads similarly comply.

7.2 *Financial Statements and Reporting.* The AOC shall provide oversight of the County's independent external auditor and shall:

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a.   review the quality of the County's financial reporting activities;

b.   review all findings, recommendations, and management's responses related to all external audit reports and consult with external auditors regarding audit adjustments, weaknesses in internal controls, fraud, and compliance matters related to laws, regulations, contracts and grant agreements that would have a material impact on the basic financial statements, included in the Comprehensive Annual Financial Report (CAFR), Single Audit and other audit reports prepared by the County's independent external auditors;

c.   provide oversight for the periodic review and selection of the County's independent external auditor to perform the audit of the County's basic financial statements included in the CAFR, including all component units and the Single Audit;

d.   review any additional work beyond the original scope of work conducted by the independent external auditors on behalf of the County;

e.   review the independent external auditor's scope and plan and any significant changes to the scope during the audit process;

f.   review the draft of the County's CAFR and provide questions and/or comments to the Auditor-Controller for consideration (Chair and Vice-Chair only);

g.   discuss, as needed, with County Counsel, the independent external auditor, and the Director of Internal Audit, legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and compliance with federal, state, and local laws and regulations, grant agreements and contracts;

h.   review with the independent external auditor the latter's judgments about the quality, not just the acceptability, of the County's accounting principles as applied in its financial reporting;

i.   review all matters required to be discussed by auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States (GAS), including those specific matters covered in AU-C Section 260, *The Auditor's Communication With Those Charged With Governance*;

j.   review with management and the independent external auditor the effect of any regulatory and accounting initiatives, such as related organizations financing structures, derivatives, or securities lending; and

k.   review all alternative treatments of financial information brought to the AOC's attention by the independent external auditor within accounting principles generally accepted in the United States of America (GAAP) that have been discussed with County management and the ramifications of each alternative and the treatment preferred by the County.

7.3   *Oversight of the Audit Function of the Auditor-Controller (AC).*  The AOC shall:

a.   review regularly and annually discuss the adequacy of resources of the audit function;

b.   review and approve the risk assessment and audit plan prepared by the AC and any subsequent revisions;

c.   compare the approved audit plan with actual work completed

d.   review significant findings during the year and management's responses thereto;

e.   discuss with the AC any significant difficulties encountered in the course of AC audits, including any restrictions on the scope of their work or access to required information;

# County of Orange
# Audit Oversight Committee Bylaws

  f.  review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and

  g.  ensure AC establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

*7.4*  *Oversight of the Internal Audit Department.* The AOC shall:

  a.  review the County's IAD charter and recommend revisions with all revisions submitted to the Board of Supervisors for its review and approval;

  b.  review regularly and annually discuss the adequacy of resources of the internal audit function;

  c.  review and approve the risk assessment and internal audit plan prepared by the Director of Internal Audit and any subsequent revisions;

  d.  compare the approved internal audit plan with actual work completed

  e.  review significant findings during the year and management's responses thereto;

  f.  discuss with the Director of Internal Audit any significant difficulties encountered in the course of IAD audits, including any restrictions on the scope of their work or access to required information;

  g.  review and discuss, as necessary, critical impact findings and recommendations contained in audit reports and management action plans to address recommendations; and

  h.  ensure IAD establishes and audits agencies/department's compliance with a comprehensive framework of internal controls.

7.5  *Oversight of Performance Audit.* The AOC shall:

  a.  provide input regarding the County's performance auditing function, including oversight over the auditing activities of the performance auditor;

  b.  review performance audit reports and determine whether they adequately address whether the audited functions are effective, efficient, economical, equitable, compliant with Federal and State laws, ethical, and are based on reliable data;

  c.  review and discuss, as necessary, findings and recommendations contained in performance audit reports and management action plans to address recommendations; and

  d.  review and make recommendations regarding the annual work plan prepared by the County Executive Office.

7.6  *Follow-up Audits.* The AOC shall:

  a.  ensure that there are effective arrangements in place to monitor and follow-up on management action plans responding to recommendations from internal audits or other sources; and

  b.  review and receive reports from the IAD and performance auditor on whether management's action plans have been implemented and whether the actions taken have been effective. The IAD reports shall identify any areas where it believes management has accepted a level of risk that is unacceptable to the County.

7.7  *Peer Review/Quality Control.*

  a.  The AOC shall ensure that an external quality control review (Peer Review) of the IAD be conducted as required by an organization not affiliated with the IAD in accordance with the GAGAS and/or the Institute of Internal Auditors Standards at the discretion of the Director of Internal Audit.

# County of Orange
## Audit Oversight Committee Bylaws

b. The AOC shall ensure that an external quality control review (Peer Review) of performance audit be conducted as required by an organization not affiliated with IAD in accordance with the guidelines contained in the Peer Review Guide published by the Association of Local Government Auditors (ALGA).

7.8 *Comprehensive Framework of Internal Control.* The AOC will review with the AC, IAD and CEO the adequacy of the County's internal control structure. The AOC should consider a number of factors:

a. the adequacy of the County's internal controls including computerized information systems;

b. determine adherence to the principle established in the COSO guidelines including cybersecurity

c. significant risks or exposures identified by County management and the steps management has taken or proposes to take to minimize such risks;

d. findings and recommendations of the independent external and internal auditors;

e. audit adjustments;

f. code of conduct;

g. Fraud Hotline complaints; and

h. pending accounting and regulatory changes.

7.9 *Oversight of Fraud Hotline.* The AOC shall ensure that the Auditor-Controller~~IAD~~ has established procedures for the receipt, retention, investigation and treatment of Fraud Hotline complaints, ~~which~~ that have been referred to the Auditor-Controller.

7.10 *Coordination and Scheduling of Audits.* The AOC shall review and provide recommendations regarding the coordination and scheduling of external, internal and performance audits to avoid disruption of departmental work flows and duplication of effort.

7.11 *Resolution of Audits.* The AOC shall be made aware of incidents in which management does not concur with an audit's findings or recommendations. The AOC may, at its discretion, request applicable management and auditors to appear at an AOC meeting to discuss the differing opinions.

## ARTICLE 8 INDEMNIFICATION OF AOC MEMBERS

The County of Orange will indemnify and defend AOC members, with counsel of the County's sole and exclusive choosing, for their participation, decisions, or actions taken on behalf of the AOC. Each AOC member should also familiarize him/herself with County of Orange Conflict of Interest Code and Gift Ban Ordinance requirements and file the appropriate annual certifications.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 4**

TO:         Audit Oversight Committee Members

Recommended Action:
Receive Report on the County's Cybersecurity Program

Receive report on the County's cybersecurity program from OC Information Technology, as stated in the recommended action.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 5**

TO:        Audit Oversight Committee Members

<u>Recommended Action</u>:
Receive Introduction from Office of Independent Review

Receive introduction from the County's Office of Independent Review, as stated in the recommended action.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 6**

TO:          Audit Oversight Committee Members

Recommended Action:
Receive Report on Required Communication from External Auditors

Receive Report on Required Communication from External Auditors, as stated in the recommended action.

ATTACHMENTS:
Attachment A – External Audit Memo
Attachment A-1 – Projects and Timelines

**EideBailly**®

**CPAs & BUSINESS ADVISORS**

# County of Orange -
# Audit Oversight Committee

Date:     August 13, 2020
Re:        External Audit update

**1)     Audit Plan – Refer to Attachment A:**
- Outline of projects and timelines

**2)     Audits Completed:**
- No changes from previous quarter

**3)     Follow-up Items:**
- No changes from previous quarter

**Attachment A-1**

Attachment A-1
Eide Bailly

Projects and Timelines

County of Orange - Audit Oversight Committee
August 13, 2020

| Department / Agency / Division | Audit/Project | Audit/Project Date | Audit Scope | Anticipated Dates | | | Status |
|---|---|---|---|---|---|---|---|
| | | | | Planning | Fieldwork | Reporting | |
| All | Financial Statement Audit - Comprehensive Annual Financial Report (CAFR) | 6/30/2020 | Financial Statements of the County CAFR, including audit of investment trust funds, and pension/OPEB trust funds | April/May 2020 | May 2020 through November 2020 | December 2020 | Interim fieldwork in progress; Preparing for final fieldwork |
| All | Agreed Upon Procedures (AUP) over GANN Limit calculations | 6/30/2020 | GANN Limit Calculation -for County and OC Flood Control District | April/May 2020 | May 2020 | December 2020 | Fieldwork in progress |
| All | Single Audit | 6/30/2020 | Audit over compliance in accordance with Uniform Guidance of the County, including components of JWA, OCWR, OCDA | October 2020 | January through February 2021 | March 2021 | n/a |
| John Wayne Airport (JWA) | Financial Statement Audit | 6/30/2020 | John Wayne Airport (JWA), including Passenger Facility Charge | April/May 2020 | August through November 2020 | December 2020 | Planning in progress - Interim scheduled August 2020 |
| Orange County Waste & Recycling | Financial Statement Audit | 6/30/2020 | Orange County Waste & Recycling | April/May 2020 | August through November 2020 | December 2020 | Planning in progress - Interim scheduled August 2020 |
| OC Community Resources / Redevelopment Successor Agency | Financial Statement Audit | 6/30/2020 | Redevelopment Successor Agency | April/May 2020 | August through November 2020 | December 2020 | Planning & Interim fieldwork in progress; preparing for final fieldwork |
| District Attorney | Grant Audits | 6/30/2020 | District Attorney Grant Audits | July 2020 | September 2020 | October 2020 | Planning in progress |
| CEO; HCA and Sheriff's Department | Tobacco Settlement Funds Agreed Upon Procedures | 6/30/2020 | HCA and Sheriff Tobacco Settlement Funds disbursements | November 2020 | December 2020 through January 2021 | February 2021 | n/a |
| TTC | Agreed Upon Procedures over compliance | 6/30/2019 | Compliance with Government Code and Investment Policy | *** | *** | *** | ***Timing to be determined with Department*** |
| TTC | Schedule of Assets | 6/30/2018 | Report on the Schedule of Assets | June 2020 | June 2020 | July 2020 | Fieldwork complete; Report pending issuance July 2020 |
| TTC | Schedule of Assets | 6/30/2019 | Report on the Schedule of Assets | June 2020 | July 2020 | August 2020 | Fieldwork in progress |

**Item 6, AOC Meeting 08/13/20, Page 1 of 1**

# Memorandum

August 13, 2020

**AOC Agenda Item No. 7**

TO:       Audit Oversight Committee Members

Recommended Action:
Discuss Member Vacancies in Audit Oversight Committee, and Staff Vacancies in Internal Audit Department and Auditor-Controller

Discuss Member Vacancies in Audit Oversight Committee, and Staff Vacancies in Internal Audit Department and Auditor-Controller, as stated in the recommended action.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 8**

TO:        Audit Oversight Committee Members

Recommended Action:
Discuss Audit Oversight Committee Retreat Status

Discuss Audit Oversight Committee Retreat Status, as stated in the recommended action.

# Memorandum

August 13, 2020

TO:        Audit Oversight Committee Members

<u>Recommended Action</u>:
Receive Report on Status of Auditor-Controller Mandated Audits

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Receive Report on Status of Auditor-Controller Mandated Audits, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – Auditor-Controller Internal Audit: Status of Mandated Audits as of June 30, 2020

Auditor-Controller Internal Audit
Status of Mandated Audits
As of June 30, 2020
AOC Meeting Date: August 13, 2020

| Audit Name | Audit No. | Budget Hours | Actual Hours | Variance | Draft Report | Final Report | Status |
|---|---|---|---|---|---|---|---|
| Cash Shortages FY 19-20 | 1901 | 100 | 28 | 72 | N/A | N/A | 3 in process, 1 complete |
| Review of Schedule of Assets QE 12/31/19 | 1907 | 280 | 259 | 21 | 4/29/2020 | 5/11/2020 | Completed |
| Review of Schedule of Assets QE 3/31/20 | 1908 | 280 | 188 | 92 | | | Review in process |
| JPAs and Special Districts FY 18-19* | 1913 | 100 | 79 | 21 | N/A | N/A | Collection in process |

*We collect copies and post them online.

Auditor-Controller Internal Audit
Status of Mandated Audits
As of June 30, 2020
AOC Meeting Date: August 13, 2020

## Cash Shortages FY 19-20

| Objective | Status/Results | Critical/Significant Control Weaknesses | Control Findings |
|---|---|---|---|
| To perform an investigation to determine whether to approve replenishment of cash shortages. | 3 investigations in process and 1 complete. Departments in process: Sheriff-Coroner and Clerk-Recorder | 0 | 0 |

## Reviews of Schedule of Assets QE 12/31/19

| Objective | Status/Results | Material Weaknesses or Significant Deficiencies | Control Deficiencies |
|---|---|---|---|
| To perform quarterly reviews to report whether we are aware of any material modifications that should be made to the Schedule of Assets for it to be in accordance with the modified-cash basis of accounting. | Final report was issued on 5/11/20. | 0 | 0 |

## Reviews of Schedule of Assets QE 3/31/20

| Objective | Status/Results | Material Weaknesses or Significant Deficiencies | Control Deficiencies |
|---|---|---|---|
| To perform quarterly reviews to report whether we are aware of any material modifications that should be made to the Schedule of Assets for it to be in accordance with the modified-cash basis of accounting. | Review in process. | 0 | 0 |

Auditor-Controller Internal Audit
Status of Mandated Audits
As of June 30, 2020
AOC Meeting Date: August 13, 2020

## JPAs and Special Districts FY 18-19

| Objective | Status/Results | Number of Modified Reports Reviewed | |
|---|---|---|---|
| To ensure all JPAs and Special District within the County file their annual audits within 12 months of their fiscal year end. | Collection of audited financial statements is in process.<br>JPAs remaining: 38 of 75.<br>Special Districts remaining: 20 of 34. | 0 | |

# Memorandum

August 13, 2020

**AOC Agenda Item No. 10**

TO:        Audit Oversight Committee Members

Recommended Action:
Receive Report on Status of Performance Audits

Receive Report on Status of Performance Audits, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – Performance Audit Activity Quarterly Status Report
Attachment B – Performance Audit of the Sheriff-Coroner Overtime Final Report
Attachment C – OCSD Response to Performance Audit of Sheriff-Coroner Overtime
Attachment D – Orange County Risk Management Services and Program Assessment
Attachment E – CEO Response to the Final Report of the Orange County Risk Management
                        Services and Program Assessment
Attachment F – Performance Audit of the Clerk of the Board Services Final Report
Attachment G – COB Response to Performance Audit of Clerk of the Board Services

| Department | Division/Program | Third Party Auditor | Previous Audit | Audit Scope | Status | Significant Findings |
|---|---|---|---|---|---|---|
| **FY 2018-19** | | | | | | |
| Clerk of the Board | Department-Wide | Arroyo Associates | N/A | Review of current operations, policies, practices and procedures to identify areas for improvement, streamlining, enhanced efficiencies | Completed | None |
| County Executive Office | Human Resource Services | CPS HR Consulting | 2012 | Determine if 2012 recommendations were implemented and revisit for relevance; identify other recommendations for improvement | Audit completed; department reviewing and preparing response | |
| County Executive Office | Information Technology | DRMcNatty | N/A | Assess current need and make recommendation for a new project management software tool | In progress | |
| County Executive Office | Risk Management | CPS HR Consulting | 2012 | 2012 recommendations were implemented; identify other recommendations for improvement | Completed | None |
| OC Sheriff's Department | Main Operating Budget and Court Security | Arroyo Associates | 2008 | Identify current reasons for increasing cost of overtime and identify recommendations to reduce overtime costs without increasing number of positions | Completed | None |

| Department | Division/Program | Third Party Auditor | Previous Audit | Audit Scope | Status | Significant Findings |
|---|---|---|---|---|---|---|
| **FY 2019-20** | | | | | | |
| Auditor-Controller | Department-Wide | Arroyo Associates | N/A | Review organizational structure, operations, staffing levels, mandated vs. non-mandated services, policies/practices/procedures, use of technology, training | In progress | |
| OC Community Resources | Grant-related Operations | Measured Resource Company | N/A | Review effectiveness in drawing down competitive funding for homeless services, and affordable and permanent supportive housing relative to other California counties | In progress | |
| Treasurer-Tax Collector | Department-Wide | Arroyo Associates | N/A | Review operations, policies, practices, and procedures to identify opportunities for enhancing service delivery, streamlining processes, expanding efficiencies, applying best practices, etc.; review existing staffing levels for adequacy | In progress | |
| Sheriff, Probation, District Attorney, Public Defender, Health Care Agency, Social Services Agency, and OC Community Resources | AB109-Related Operations | Arroyo Associates | N/A | Identify resources allocated to the AB109 population above and beyond that provided by the State through 2011 Realignment | In progress | |

| **FY 2020-21** |
|---|
| Proposed performance audits are currently under consideration by the Chairwoman and Vice Chair |

# Performance Audit of the Sheriff-Coroner Overtime County of Orange

# Final Report

March 24, 2020

## Introduction

Overtime costs for the Sheriff's Department has been an ongoing issue for the County of Orange since the County of Orange's Office of the Performance Audit Director conducted the first audit of overtime in the Sheriff's Department in 2008. A follow up audit was conducted in 2011 which found that overtime costs had decreased, primarily due to budget cuts and a lower inmate population with some jail facility closures. The overtime decrease from 2011 was temporary and has now increased to beyond the 2008 levels and significantly impacts County resources.

While the budget for staffing of a Sheriff's Department can typically be managed, overtime use is necessary in order to ensure that there is adequate staffing to provide public safety services 24 hours a day, seven days a week as well as staffing for unplanned emergency services. As an agency has a better understanding of its use of overtime, they can improve their regular staffing needs in order to ensure that less overtime is required. Some of the issues of overtime had been previously addressed in 2008 and in 2011 from which the Sheriff's Department implemented several new overtime management controls.

The primary purpose of the 2020 Performance Audit of the Sheriff-Coroner Overtime is to identify reasons for the increasing costs of overtime and to make recommendations for reducing that cost. From FY 2014-15 to FY 2018-19, the department has seen its cost in overtime payments rise by 42.6%.

Overall, this audit shows that the Sheriff's Department has taken steps to control and reduce overtime costs over the past two years, despite factors beyond control of the department. Some factors for increasing overtime costs, include the salary raises approved and negotiated with the bargaining units in the Memoranda of Understanding (MOUs) by the Board of Supervisors and costs of the implementation of AB 109 (2011), the State Prison Realignment program. Many of the interviews with department managers noted improved budget training with the department's Budget and Finance staff to control the use of overtime.

It was noted that the department has more control of overtime hours rather than overtime costs since the department can
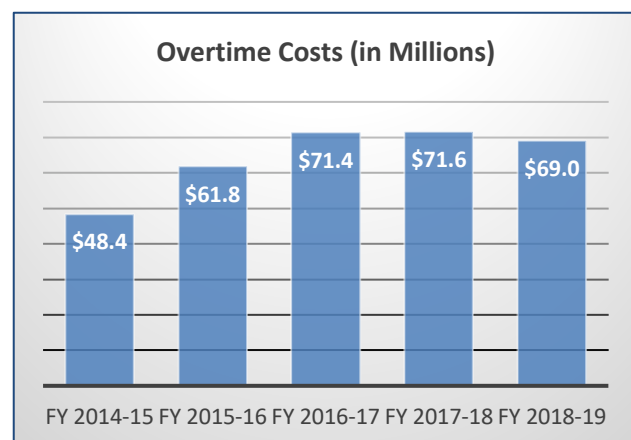


Figure I-1
Five Year Trend in Overtime Costs for Sheriff-
Coroner Department (060)

**Overtime Hours (in thousands)**

939 | 1,086 | 1,269 | 1,288 | 1,187

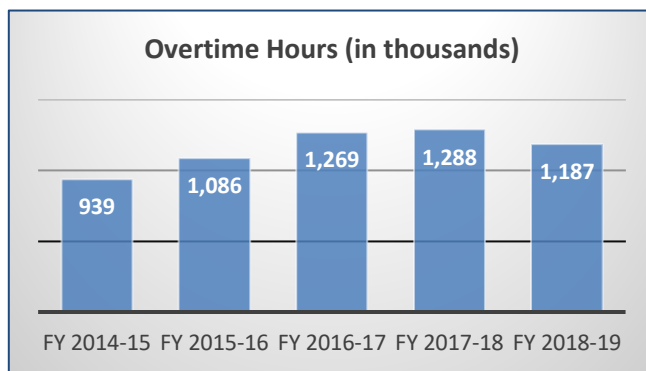FY 2014-15  FY 2015-16  FY 2016-17  FY 2017-18  FY 2018-19

Figure I-2
Five Year Trend in Overtime Hours by Sheriff-
Coroner Department (060)

make its own staffing decisions as to which shifts need to be covered by overtime hours for public safety controls. Overtime hours have increased over the last five fiscal years by 26% as shown in Figure I-2.  We did not find a singular reason for the increase.  Some of the increase is due to reasons beyond control of the department, such as additional categories being added to the Sheriff-Coroner Department (OT).  These additional categories included some technical and human resources positions into the Department.  Like overtime costs, the overtime hours significantly increased between FY 2014-15, FY 2015-16, and FY 2016-17.  Peaking in FY 2017-18, overtime hours decreased in FY 2018-19.

## Key Finding: Need for Continuous Overtime Management Control

There have been indications from reviewing the data of overtime hours and the *Over 48 Hours of Overtime Reports* over the last five years that control of overtime had relaxed. There were several reoccurring issues of maximizing overtime which had previously been discussed in the *2008 Performance Audit of Overtime*. The issue of maximizing overtime had since been addressed for Correctional Technician and Sheriff Special Officers classifications in their MOUs.  The use of the maximizing of overtime by Peace Officers has not been addressed, thus allowing Sheriff Deputies, Sergeants, and Investigators to continue to maximize on planned overtime shifts and shift replacements.  The department's overtime cost and hours had decreased over the past year, yet the average overtime pay for Peace Officers remained over 30% of their regular salary in FY 2018-19.

While the department's Overtime Policy has not changed since the last overtime review in 2011, we noted relaxed controls over the use of overtime hours between FY 2014-15 and FY 2016-17.  While the department regularly circulated a report of *Over 48 Hours of Overtime Reports* for each pay period among the Executive Management Team, there is no indication of consequences, especially for those that frequently appeared on the report.  While some of the incidents were allowable exceptions, such as

**Incidents of Over 48 Hours of Overtime Per Pay Period**

30
25
20
15
10
5
0

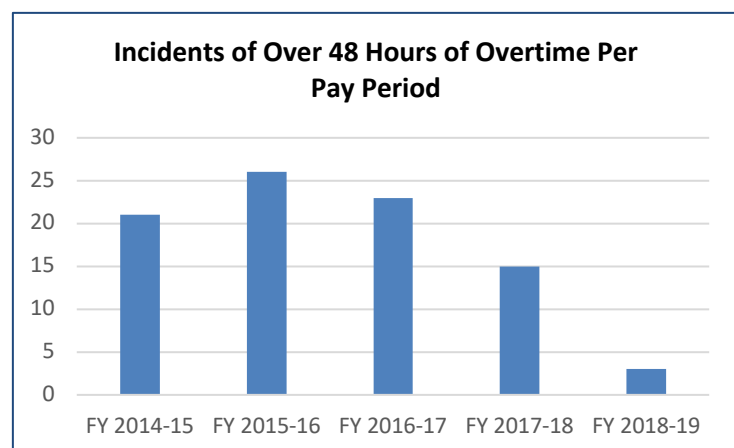FY 2014-15  FY 2015-16  FY 2016-17  FY 2017-18  FY 2018-19

Figure I-3
Median Number of Incidents in an Over 48 Hours of Overtime Report per Pay Period

for extended shifts and emergency events, others seemed to maximize overtime hourly payments by using annual leaves for their regular shifts and picking up overtime pay for shift replacements or planned overtime activities. These activities are allowable under current department policy and the Peace Officers MOU with the County, but have negative consequences to overtime costs for the department.

Over the past few years, there has been a significant decrease of the median number of incidents in the *Over 48 Hours of Overtime Reports* indicating that there are tighter controls over the management of overtime.

## Recommendations for Managing and Reducing Overtime

- Eliminate the use of vacancy goals for units. While vacancies may lead to cost savings from a unit's approved budget, this will only add unbudgeted overtime hours and costs across the department. With a large department, there is continual turnover and opportunities for advancement. This trend leaves vacant positions due to natural attrition which take time to fill. Continual recruitments will lower vacancies in Field Patrol units and Custody Operations units.

- Allow the Supervisors more discretion for utilizing overtime and time off. Review staffing needs by shift, by utilizing flexible minimum staffing levels rather than automatically filling open shifts.

- Utilize hours worked rather than hours paid for all departmental staff and/or allow for the approval of switching shifts rather than utilizing time off while filling shift replacements or planned overtime.

- Pursue the development of an electronic system that allows for an integrated scheduling with payroll data for increased access to information regarding time off and overtime scheduling of individuals.

- Review police service contracts and special events to ensure that they fully cover the costs of overtime. Consider additional contract costs for cost recovery for multi-day events that impact regular shifts.

- Incrementally decrease monthly targeted overtime hourly budgets by unit. Establish realistic targets that units can agree upon.

## Methodology

Our primary methodology for conducting the performance audit was based on interviews, data, and document reviews we obtained from the department staff.  In addition, since the unit with the largest amount of overtime use was the Theo Lacy Correctional Facility, we toured the facility to better understand staffing needs and challenges.  We also reviewed journal articles regarding public safety emergency events that impacted the department since 2014.  We researched issues, best practices, and available funding regarding AB 109 (State Prison Realignment), past and ongoing lawsuits with the Prison Law Office regarding County jails, and best practices regarding the control of public safety overtime.

Our project team conducted interviews and/or had correspondence with:
- Several members of the Executive Management Team from the Sheriff's Department
- Various OCSD Division Commanders
- OCSD Financial, Budgeting, and Payroll Managers
- Various Custody Operations Captains, Scheduling Sergeants, Administrative Lieutenants, and the Administrative Manager

We reviewed the *2008 Overtime Audit of the Sheriff-Coroner Department*, the department's *Response to the 2008 Overtime Audit*, as well as the *2011 Follow-up Review*.  Additionally, the following data was reviewed of overtime activities of the past five fiscal years (FY 2014-15, FY 2015-16, FY 2016-17, FY 2017-18, and FY 2018-19) including:
- Overtime costs and budgets from ERMI Database
- Overtime hours from ERMI Database
- Labor contracts/Memoranda of Understanding covering the periods over the last five years of overtime users for the AOCDS Peace Officers Units, the SSO Units, and the County General Units
- OCSD Overtime Policy 1038
- Over 48 Hours Overtime Reports of Employees for each pay period
- ICE contracts and amendments
- Sample public safety contracts with cities
- Sample payroll data for pay period
- Sample watch lists
- Organization charts for custody and OCSD management structure
- Revenue data for overtime costs

We also sought to review as much similar data and documentation that was previously reviewed from the prior audits.  In addition, we conducted research on best practices for public safety overtime as well as sought to review emergency incidents that impacted the Orange County Sheriff's Department.

Finding: Aggregated monthly data for overtime use was not always accurate (ERMI Reports).

We encountered problems with evaluating details of the monthly data. In evaluating monthly data with noted high overtime utilization, we noted that the monthly data included additional pay periods than what had actually ended in the prior month. This caused certain months to appear to use more overtime than they had. For example, the data we received showed that November 2018 was an abnormally high month of overtime usage, but upon investigation, we noted that the monthly number was aggregated from a pay period that should have been included in the prior month's data set.

Recommendation II.1: Modify the ERMI software to ensure that data is correctly aggregating by months for dates of the end of the pay period.

Correcting the software aggregated data will allow the department to provide more accurate analysis for monthly data trends, especially in being able to account for trends in activity.

## Five Year Trend in Overtime Costs

*The costs of overtime increased by nearly 50% from FY 2014-15 to FY 2016-17, increasing from $48.4 Million to $71.4 Million.*

Previously, the *2008 Performance Audit of Overtime* completed for the Sheriff's Department noted that the overtime costs, was at its peak in FY 2007-08 at $47.5 Million. The overtime costs during the follow-up report in 2011, noted a decrease of overtime costs to $21.6 Million in FY 2009-10. The *2011 Follow Up Review* noted that many of the recommendations from the 2008 Report were implemented and that the costs of overtime for the department had improved. The follow up report also noted that the decrease in overtime costs was due to required County budget cuts and the temporary closure of multiple sections of the jail facilities. Staffing changes, the implementation of the new Platoon work schedule, and labor agreement negotiations, which counted hours worked rather than hours paid, additionally contributed to the lower overtime costs. Since the *2011 Follow Up Review*, overtime costs almost doubled that of the previous high point of FY 2007-08.

**ANNUAL OVERTIME COSTS**
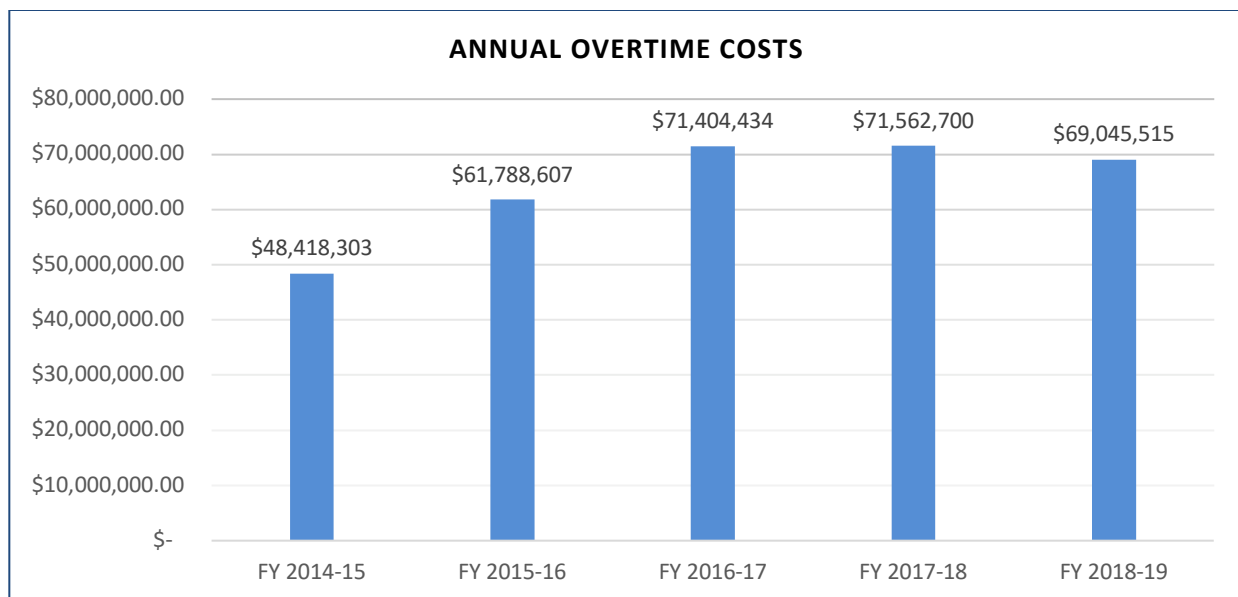


Figure II-1
Five Year Trend in the Annual Costs of Overtime in the Sheriff-Coroner Department (060)

## Five Year Trend in Overtime Hours

> *The number of overtime hours have increased over the past five years, going from under 900,000 in FY 2014-15 to hovering around 1.2 Million overtime hours in the last three fiscal years, a five year increase in overtime hours of 26.4%.*

During our interviews with staff, the department was aware of its increase in overtime costs since FY 2014-15. It was noted that they have been making a concerted effort to keep within their budgeted overtime hours rather than overtime costs since they have little control over salary increases. A significant portion of the overtime cost increase is due to the approved salary increases from the MOU negotiations with the labor unions and are negotiated directly with the County and therefore beyond the control of the department. Over the past five years, actual overtime costs have increased rapidly by 42.6%, well above the approved budgeted overtime costs for the department. While costs are the driving concern of the County, our analysis focused on overtime hours, which is primarily within the control of the department. The annual overtime hours represent a much smaller increase than the annual overtime costs between the same five year period. Increasing overtime hours combined with increasing overtime rates, have led to the large increase in overtime costs.

Figure II-2
Five Year Trend of Annual Overtime Hours

## Five-Year Trend in Reasons for Overtime

There are a few primary reasons for the justification of overtime that is utilized by the department which include shift replacements, extended shifts, and planned overtime. Shift replacements are utilized to fill a shift that is vacant, but also if a person is out due to vacation days, sick days, annual leave, or other leaves of shifts. The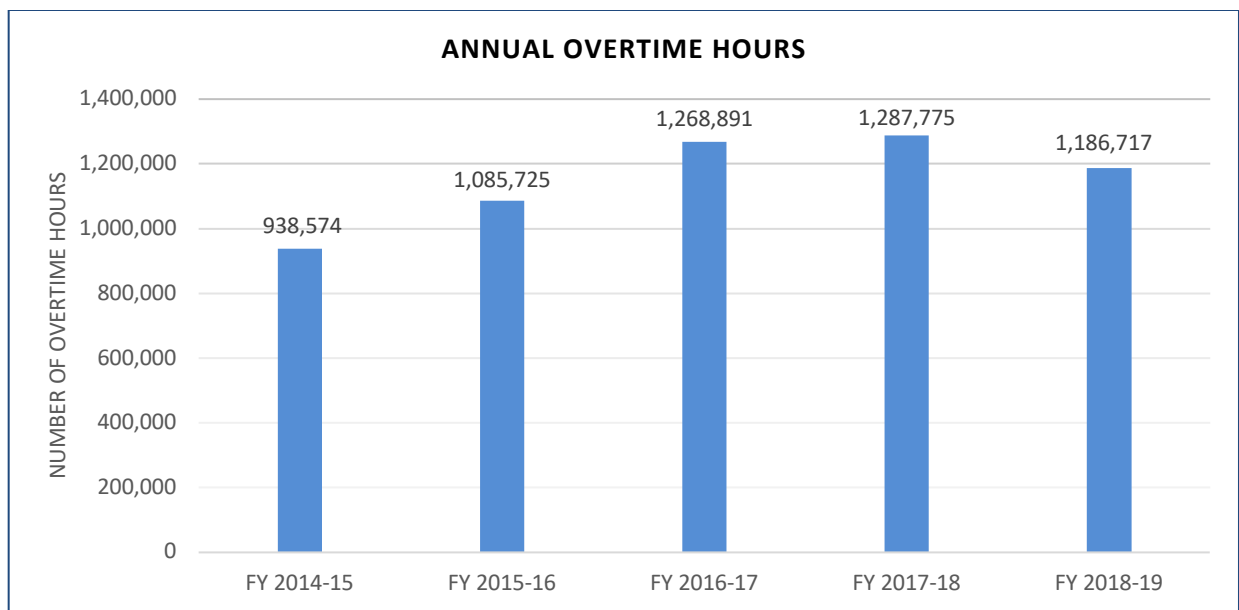 shift replacement can typically be scheduled well in advance, such as shift replacements to fill a known vacant position or a person scheduled to be on a vacation or other pre-approved leave. The extended shift is often unexpected and used to complete work that cannot be completed during a regular shift, such as to complete reports before the end of a shift. Planned overtime can include coverage of special events, training, providing emergency mutual aid, or other planned activities that are not regular shifts. There are also call backs and extended investigations that require overtime.

Finding: Some of the data fields have missing justifications (no job number or job description.)

In addition to these primary reasons, a large portion of overtime costs of the department (060) did not provide a justification, where the job number and job descriptions had no data to support it. A majority of the incidents that were left unjustified, had paycodes listing them as comp payouts or mandatory holiday compensation payout. We have listed all of the hours without a listed justification as "Comp Payoffs/Payouts." Of the overtime hours without job justifications, 14.5% of the overtime hours in this category had a different paycode description, often using "Mandatory Compensation Pay" as the paycode. There is a separate budget category outside of Overtime (060) for the department for compensation payouts. Should the overtime hours and overtime costs with no job number or job description be moved to a different budget category, the overtime hours would be similar to that of FY 2007-08 levels.

Recommendation III.1: Determine if Compensation Payoffs and Holiday Mandatory Compensation Payouts and other Mandatory Compensation Pay without Job Codes or Descriptions should continue to be included in the Overtime Budget.

Recommendation III.2: Require units to report job numbers and job description with each report of overtime so that data more accurately reflects the justification for overtime hours and costs.

## Justification of Overtime Hours
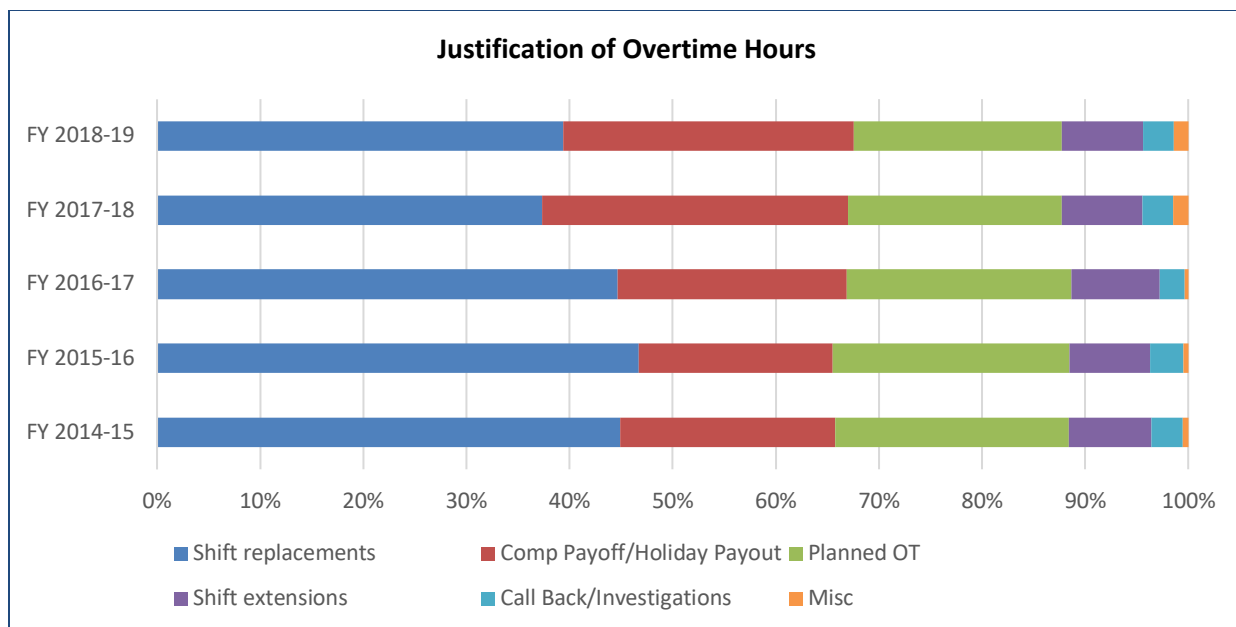


Figure III-1
Five Year Trend in Justifications of Overtime as a Percentage of Overtime Hours

The trend in the justification for the use of overtime shows that the primary justification for overtime is for shift replacements of those who have taken time off for vacation, sick time, annual leave hours, and comp hours as well as vacant positions. While the number of overtime hours for shift replacements grew from FY 2014-15 to FY 2016-17, this has not continued to increase over the last three fiscal years. Other planned overtime, which often includes special events and training activities, has remained fairly stable. The use of shift extensions increased for FY 2015-16, but has since stabilized. Figure III-1 above demonstrates that the amount of Comp payouts and mandatory holiday payouts have increasing taken a larger percentage of the overtime hours included in the overtime costs. This category of justification was not included in the 2008 Overtime Audit.

> *Overtime hours paid for comp payouts and mandatory holiday compensation payoffs, and other non-justified reasons for overtime increased by 71.0% (from 195,438 hours in FY 2014-15 to 334,184 in FY 2018-19) over the last five years.*

## Reasons for Overtime in FY 2018-19

We broke down the categories utilized by the department for justifications for the overtime hours and costs for FY 2018-19 in order to provide further analysis of the primary justifications for overtime. From the below table, we see that shift replacements justifies the largest portion of the overtime hours, utilizing 39.4% of all of the overtime hours in FY 2018-19.

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Comp payoffs and mandatory holiday compensation payouts are not typical uses of overtime and comprise 28.2% of the overtime hours in FY 2018-19. These typically are not considered regular overtime pay since they are generated upon request, rather than time worked and are contracted pay given to staff who are required to fill shifts during the holidays. These overtime hours are not within the control of the department as are the other categories of justification for overtime. This was not a category that appeared in the previous 2008 Overtime Report.

Planned overtime for special events, training, and other planned overtime comprises 20.2% of overtime hours in FY 2018-19. Other categories such as shift extensions, call backs/investigations, and miscellaneous categories comprise the remaining 12.3% of the justifications.

Recommendation III.3: Move Comp Payoff/Holiday Payout to a separate budget category to keep overtime hours within the control of the department.
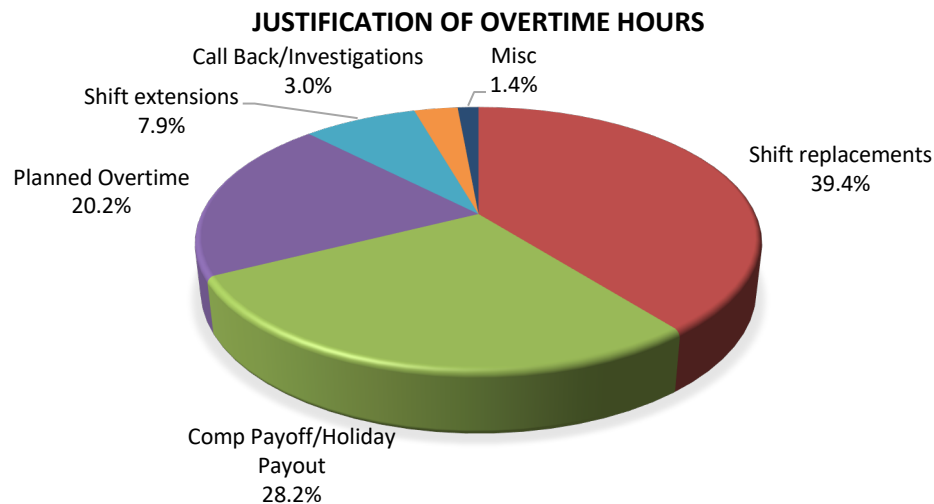


Figure III-2
FY 2018-19 Justification of Overtime Hours by Category

| Justification | Overtime Hours | % of Overtime Hours |
|---|---|---|
| Shift replacements | 467,208 | 39.4% |
| Comp Payoff/Holiday Payout | 334,184 | 28.2% |
| Planned Overtime | 239,539 | 20.2% |
| Shift extensions | 93,216 | 7.9% |
| Call Back/Investigations | 35,579 | 3.0% |
| Misc | 16,992 | 1.4% |
| Total | 1,186,717 | 100.0% |

Table III-1
FY 2018-19 Justification of Overtime Hours by Category

Each justification category is broken down further to gain a better understanding of each of their uses within the department.

Shift replacements made up 39.4% of the overtime hours in FY 2018-19. Out of those shift replacements, we can break down the reasons for the shift replacements as shown in Table III-2 below. Vacation leave and vacant positions comprise a majority of shift replacements. Compared with the *2008 Overtime Report*, shift replacements for vacant positions have gone down considerably, utilizing just 10.7% of overtime hours, compare to 38.9% in the 2008 Report, indicating that staff vacancy is not as much of cause for overtime as it was in FY 2007-08. Per our interviews, it was stated that the department utilizes vacancy goals to demonstrate budget savings. While this practice may provide budget savings, in reality, the practice resulted in an increase of overtime costs.

Recommendation III.4: Fill vacant positions as soon as possible so that they do not require the use of overtime for shift replacements.

| Shift Replacement Details | Overtime Hours | % of Shift Replacements | % of Overtime Hours |
|---|---|---|---|
| Vacation leave | 128,392 | 27.5% | 11.0% |
| Vacant positions | 125,346 | 26.8% | 10.7% |
| Worker's Comp and other leave of absences | 66,944 | 14.3% | 5.7% |
| Training | 50,853 | 10.9% | 4.3% |
| Sick leave | 41,105 | 8.8% | 3.5% |
| Loan to other Division & Special Assignment | 24,263 | 5.2% | 2.1% |
| All Others (listed & misc) | 20,018 | 4.3% | 1.7% |
| Comp time | 10,286 | 2.2% | 0.9% |
| Total | 467,208 | | 39.9% |

Table III-2
FY 2018-19 Table of Reasons for Shift Replacements

Compensation Payouts, Holiday Mandatory Compensation Payoffs, and other incidents which do not list any Job Numbers/Descriptions, make up 28.2% of all overtime hours in FY 2018-19. The majority of this category was Mandatory Holiday Compensation Payouts. For employees who work on County holidays, they are eligible for Holiday Compensation Pay. While this is an overtime rate, it can and should be budgeted since they are regular occurrences for public safety staffing in order to provide services 24 hours a day, seven days a week. Compensation Payoffs are any unused annual leave, vacation leave, or sick leave upon retirement, separation from the County of Orange, or by request to pay out any unused accumulation of leave. These payoffs have increased since FY 2014-15. This is likely due to the introduction of a cap of Annual Leave amounts as well as the reintroduction of the use of Vacation Leave and Sick Leave instead of the Annual Leave program in 2016. Other incidents of overtime hours typically had a job number/description often listing "Mandatory Compensation Pay (MCCPY2)" as the paycode description. This paycode was also used for other job numbers/descriptions, typically for Call Backs or Investigations.

| Compensation Payouts/Payoffs | Overtime Hours | % of Payouts/Payoffs | % of Total Overtime Hours |
|---|---|---|---|
| Mandatory Holiday Compensation Payout | 175,149 | 52.4% | 14.8% |
| Compensation Payoff | 110,754 | 33.1% | 9.3% |
| No reason/description (MCP & misc.) | 41,638 | 12.5% | 3.5% |
| Mandatory Compensation Pay (ST) | 6,642 | 2.0% | 0.6% |

Table III-3
FY 2018-19 Table of Reasons for Blank Job Numbers/Descriptions

Planned overtime comprised about one-fifth of all overtime hours in FY 2018-19. The primary reasons for planned overtime lists training, other, special events, hospital security, investigations, and maintenance. Overtime costs listed for special events includes the Orange County Fair and other special events put on by a city or another agency that requires additional public safety staffing for a large gathering of people. These are often reimbursed by the agency hosting the special event and are not an additional cost to the County.

| Planned Overtime | Overtime Hours | % of Planned Overtime | % of all Overtime Hours |
|---|---|---|---|
| Training | 58,129 | 46.0% | 4.9% |
| Other (listed) | 54,925 | 43.4% | 4.6% |
| Special Events | 47,003 | 37.2% | 4.0% |
| Hospital Security | 19,335 | 15.3% | 1.6% |
| Investigations | 17,825 | 14.1% | 1.5% |
| Maintenance | 14,055 | 11.1% | 1.2% |
| Misc. (all others) | 11,797 | 9.3% | 1.0% |
| Backlog Clear | 7,742 | 6.1% | 0.7% |
| Range Qualify | 5,894 | 4.7% | 0.5% |
| Community Awareness | 1,608 | 1.3% | 0.1% |
| Mutual Aide | 1,226 | 1.0% | 0.1% |

Table III-4
FY 2018-19 Table of Reasons for Planned Overtime

During the summer pay periods, the *Over 48 Hours of Overtime Report*s showed that the Orange County Fair has an indirect consequence that impacts the net County overtime costs. The additional staffing needs required for the Fair can impact staff's ability to perform their regular shift duties. It was noted that many overtime hours were utilized by the North Patrol unit during the month of August as some staff used annual leave of regular shifts while picking up overtime pay for the Orange County Fair. This also required others to fill in those annual leave shifts as shift replacements, and as a result, causing a cycle of additional overtime costs for the County beyond those required for shifts directly attributable to staffing the Fair.

Recommendation III.5: Consider negotiating for additional costs for the Orange County Fair and other multi-day Special Events to cover some of their impact on regular shifts.

Additional for managing Special Events Overtime include:
- Develop blocks of overtime shift schedules to staff the Orange County Fair in blocks of less than 48 hour shifts per pay period. Allow staff to only be assigned one overtime schedule in each pay period to ensure that staff do not work over 48 hours of overtime in a pay period.
- Check scheduled overtime for each person prior to approving assignments for overtime shifts.
- Ensure that staff are not taking vacation time or other time off while being assigned to overtime shifts for the Orange County Fair (this creates overtime shifts that need to be filled.)
- Ensure that overtime for special events are available to all eligible staff and are distributed fairly, including non-sworn staff.
- Allocate public safety staffing responsibilities to other local public safety agencies.

## Five-Year Trend in Overtime by Division

*Overtime hours have increased steadily since FY 2014-15 in the Field Operations and Investigations Division, peaking in FY 2017-18.*
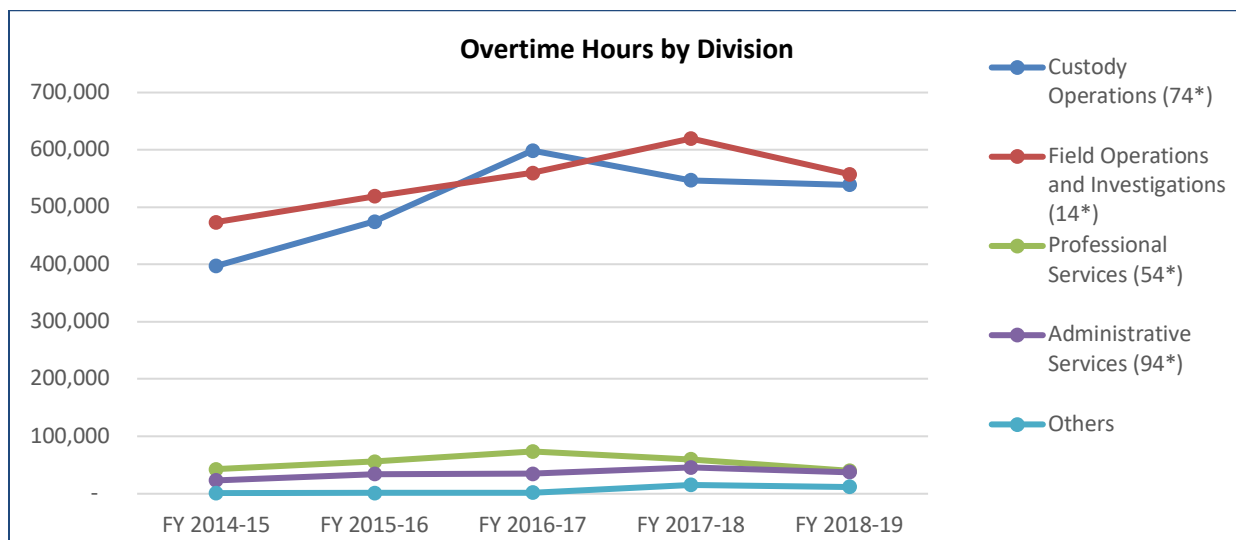


Figure IV-1
Five Year Trend of Overtime Hours in Divisions

*Overtime hours in the Custody Operations peaked in FY 2016-17 and decreased in the past two fiscal years.*

Interviews cited the incident of the inmates escape from the Men's Central Jail in January 2016 which occurred in FY 2015-16, as a large contributor to the increase in overtime hours.  This also likely had an effect in FY 2016-17 as changes were made to staffing as well as procedures to allow for changes as a result of the incident.  In addition, there were increased staffing needs to combat the changes in the jail population as a result of 2011 AB 109 (State Realignment).  State Realignment lowered the state prison population, increasing the County jail population, by having the formerly categorized lower level prison inmates serve out their sentences in County jails.  This forced County jails to house inmates for longer terms as well as also changed the overall inmate population and dynamics.

*While the use of overtime hours in Field Operations and Investigations has remained on par with Custody Operations, the costs of overtime in Field Operations and Investigations is much higher than overtime costs for Custody Operations.*

Custody Operations utilizes both sworn and non-sworn Correctional Services Staff in Custody Operations. The costs of overtime are not as high as for the Field Operations and Investigations of which the vast majority of employees utilizing overtime are sworn employees, whose base salaries are higher and therefore have higher overtime costs.
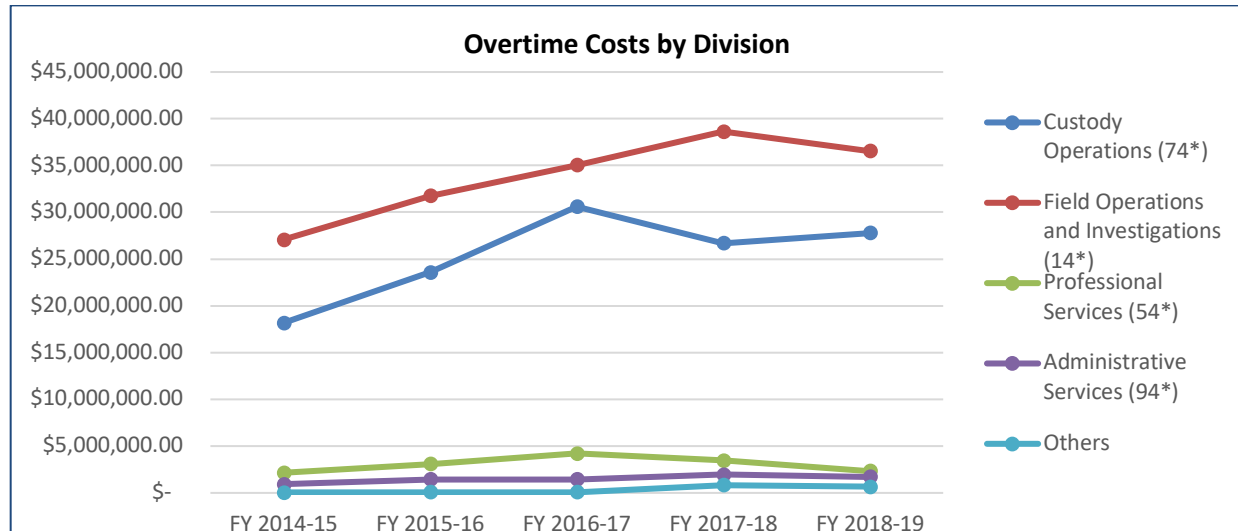


Figure IV-2
Five Year Trend in Overtime Costs by Division

Looking at FY 2018-19 overtime hours in Figure IV-3, we can see that the Field Operations and Investigations Division utilizes 47.0% of the department's overtime hours in FY 2018-19, while Custody Operations utilizes 45.4% the department's overtime hours. The other divisions, primarily Professional Services (3.4%) and Administrative Services (3.2%), utilized the remaining 7.6% of the department's overtime hours.
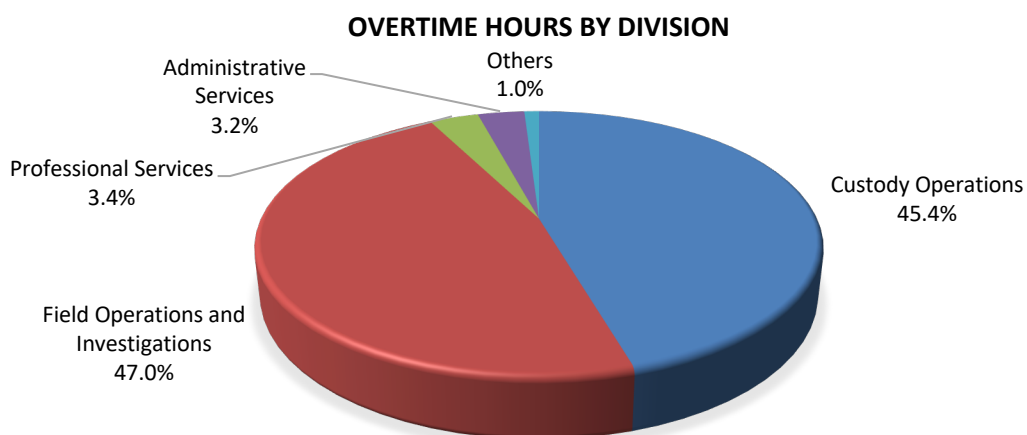


Figure IV-3
FY 2018-19 Overtime Hours by Division

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# Overtime for the Field Operations and Investigation Division by Unit
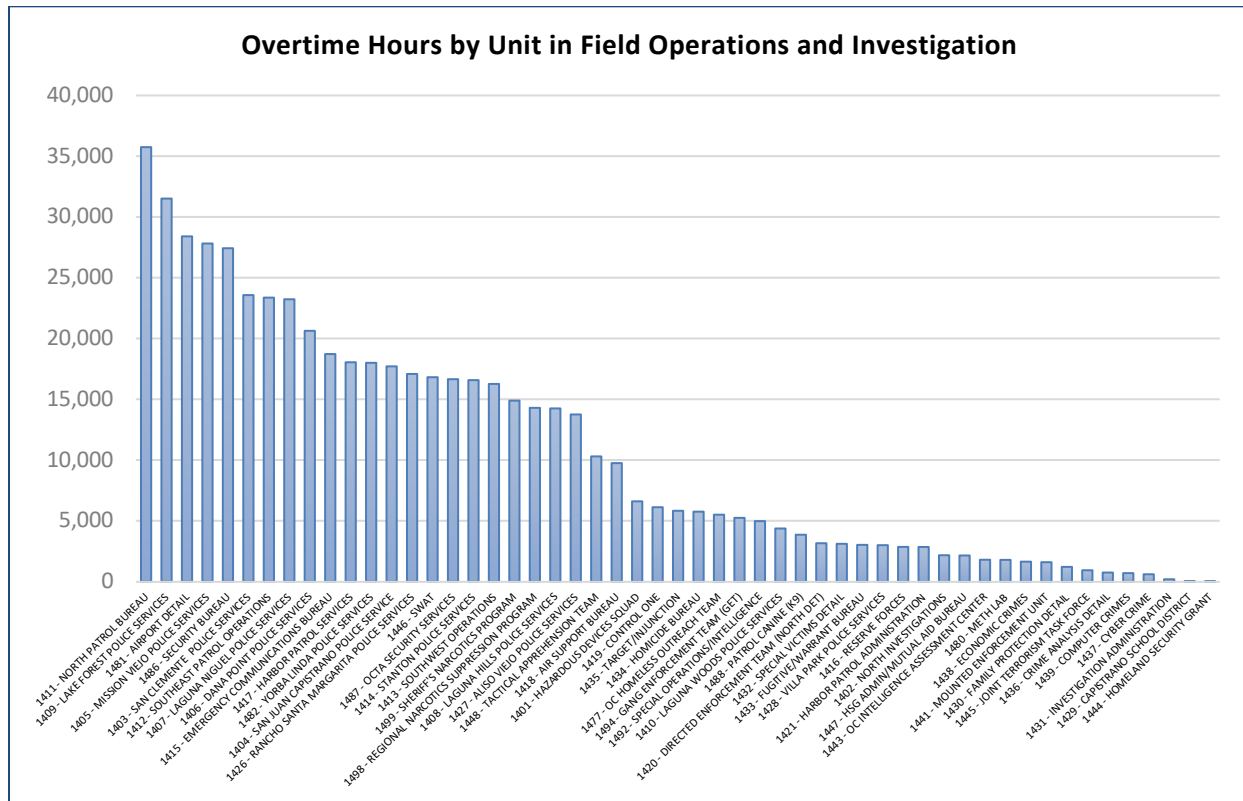


Figure IV-4
FY 2018-19 Overtime Use by Unit in the Field Operations and Investigation Division[1]

When we look at overtime hours of the Field Operations and Investigation Division, ordering it by which units utilize most of the hours, we can see that the North Patrol Bureau utilizes the greatest number of overtime hours in the Division.  Many of the top users of overtime in this division are contracted services, meaning that the overtime should be covered by the contracted services, not by the County's funds.  In addition, there are also several grant funds which pay for portions of overtime for the division.

In theory, this means that much of the division's overtime costs are paid for by the public agencies that utilize the department's services.  Should the full costs of overtime for the contracted services be fully funded by the agencies, the County costs should only be 43% of all of the overtime costs of the division.  Figure IV-5 shows the share of the contracted police service hours by the contracted units along with the grant fund revenues that were received by units in FY 2018-19 that paid for overtime.

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[1] A detailed chart can be found in *Appendix II - FY 2018-19 Overtime by Unit*.

**OVERTIME COSTS FOR FIELD OPERATIONS**
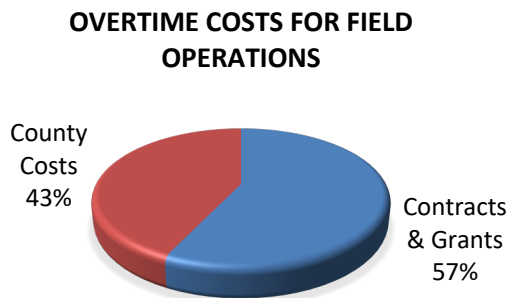


Figure IV-5
FY 2018-19 Overtime Costs for Units in Field Operations and Investigation Divisions County Costs vs. Contracts & Grants

The contracts for services by other agencies should cover the required overtime to staff the contracts. The contracts list specific charges such as a specific number of staff positions dedicated to the city as well as portions of other departmental staff or services dedicated to the city. Additionally, the service contracts also utilize payments of "Other Charges and Credits" to pass on other charges including overtime costs. Credits include estimated vacancy credits, false alarm fees, reimbursement for training, as well as a retirement rate discount. While most of the contract is a set charge to the agency, the Other Charges and Credits is a flexible amount, where the County is allowed to invoice up to the maximum of Other Charges and Credits to the agency, one of which is overtime costs.

We reviewed a sample of police services contracts as well as their total revenue received for FY 2018-19. From the revenue received, the fixed costs were separated according to their contracts to yield the Other Charges and Credits. Other charges for special events are typically charged to the jursidiction outside of the contracted amounts. In two of the five contracts we reviewed, the overtime costs charged to the units were significantly more than the amount received by the County and did not demonstrate coverage of the full cost of overtime costs charged to those units.

| Unit | Description | Actual Revenue Received | Contract Fixed Costs | Amount Paid for "Other Charges and Credits" & Special Events (Actual - Fixed Costs) | Overtime Costs Charged to Unit | Net after Overtime Costs |
|------|-------------|-------------------------|----------------------|------------------------------------------------------------------------------------|--------------------------------|--------------------------|
| 1403 | San Clemente Police Services | $ 15,076,940.00 | $ 13,412,585.00 | $ 1,664,355.00 | $ 1,659,285.00 | $ 5,070.00 |
| 1405 | Mission Viejo Police Services | $ 18,992,824.00 | $ 16,900,987.00 | $ 2,091,837.00 | $ 1,832,389.00 | $ 259,448.00 |
| 1414 | Stanton Police Services | $ 10,596,711.00 | $ 9,138,797.00 | $ 1,457,914.00 | $ 1,117,537.00 | $ 340,377.00 |
| 1426 | Rancho Santa Margarita Police Services | $ 8,978,173.00 | $ 8,069,821.00 | $ 908,352.00 | $ 1,153,554.00 | $ (245,202.00) |
| 1482 | Yorba Linda Police Services | $ 11,184,972.00 | $ 10,512,246.00 | $ 672,726.00 | $ 1,172,232.00 | $ (499,506.00) |

Table IV-1
FY 2018-19 Analysis of Police Service Contracts Revenue and Overtime [2]

The table above notes the amount of revenue received from the police service contracts along with the amount of overtime costs charged to the unit as reported in the department's ERMI reports. The overtime costs charged to the unit does not reflect credits for vacancies or other credits that would offset the overtime amounts and it also differs from the department's report of overtime usage that were actually reported and charged to the city. In

[2] "Overtime Costs Charged to Unit" source is from ERMI Report H-PA-37G10 Employee Accounting Detail Labor Report FY 2018-19 and differs from LEC Contract Analyst Monthly Status Reports to the cities.

the case of the City of Yorba Linda, their "Other Charges and Credits" revenue did not cover almost a half million dollars of overtime charges to the unit.  In addition to overtime costs, this amount typically includes various credits (e.g. holidays, vacancies, etc.) given to the city. An analysis of the each of the cities' invoices with actual charges and credits was not performed to determine if charges and revenue received was adequate.

Finding: The revenue from "Other Charges and Credits" did not demonstrate that it covered the costs of overtime charged for some of the units with police services contracts.

Because police service contracts are negotiated separately with each public agency utilizing a contract, the cities have the potential not to invoice all of the costs of overtime being used by the agency.  Being able to demonstrate the accounting of revenue received for overtime costs, would help to assure that the County is receiving proper funds for overtime.  It has been our experience with other agencies that incomplete revenue collection could be an issue to alleviate some of the overtime costs for the department.

Recommendation IV.1: Review the department's contracts, coding, and invoice practices for police service contracts and special events contracts to ensure that the revenue received covers the overtime charges for the cities and special events.

Recommendation IV.2: Add a line item for "Revenue for Special Events (Overtime)" in the County Budget documents to explain the cost recovery from contracted overtime events to provide special services to other agencies.

There is often a misconception that overtime costs are out of control of the department and is an unfunded expense.  Providing information in the budget documents regarding the revenue received directly from agencies for planned overtime services, such as public safety staffing for the Orange County Fair or other special events, should help alleviate some of the concern for the department's overtime.  This practice will also help ensure that the revenue being received for overtime costs are being appropriately matched with the expenses of the overtime costs.  The contracts can be renegotiated if the revenue is not sufficient to cover actual expenses.

## Overtime for the Custody Operations Division by Unit

Overtime for Custody Operations by unit reveals that overtime hours are correlated to the size of jail facility.  The largest jail, the Theo Lacy Facility, which can house twice the inmate population of the second largest jail, utilizes the most overtime hours.  An exception to the correlation of facility size is the Intake Release Center, which processes all of the inmates. Because there is a need for the movement of inmates in the Intake Release Center, this facility, with a smaller number of beds than the Men's Central Jail or the Musick Facility, has additional staffing requirements.
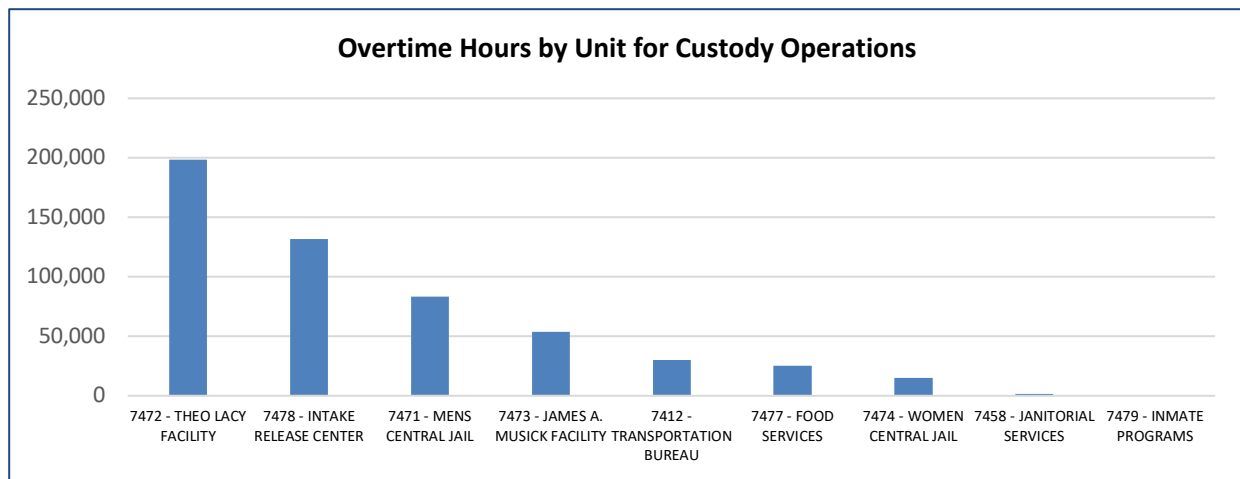
Figure IV-6
FY 2018-19 Overtime Hours by Custody Operations Units

One might expect the number of overtime hours required in Custody Operations units to correlate with inmate population. We found that there is no correlation with inmate population with overtime hours from FY 2018-19.

> *Inmate population DOES NOT correlate with overtime hours (monthly analysis for FY 2018-19).*
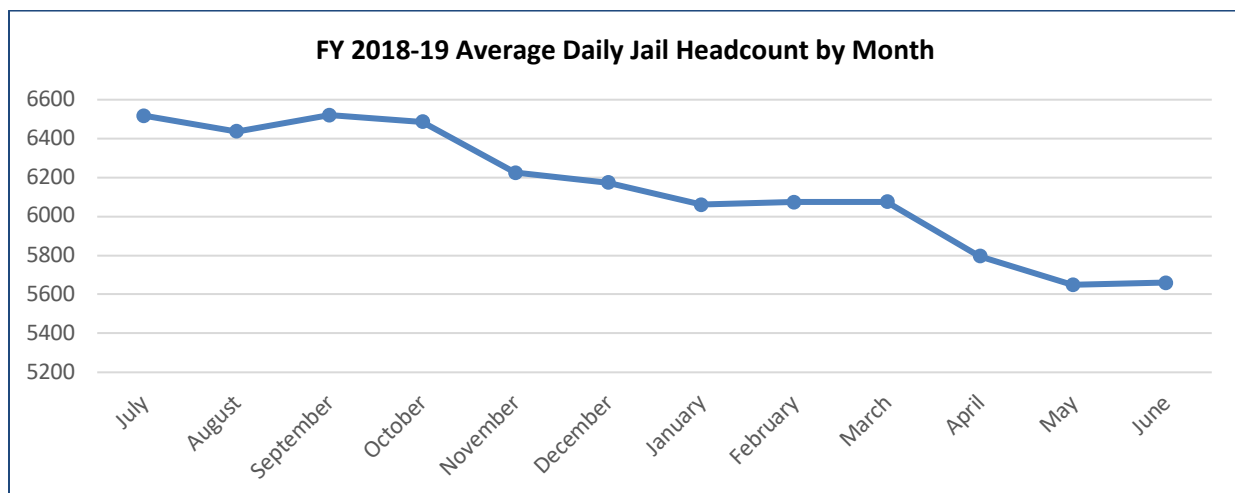


Figure IV-7
FY 2018-19 Monthly Average Daily Jail Headcount

**FY 2018-19 Overtime Hours by Month**
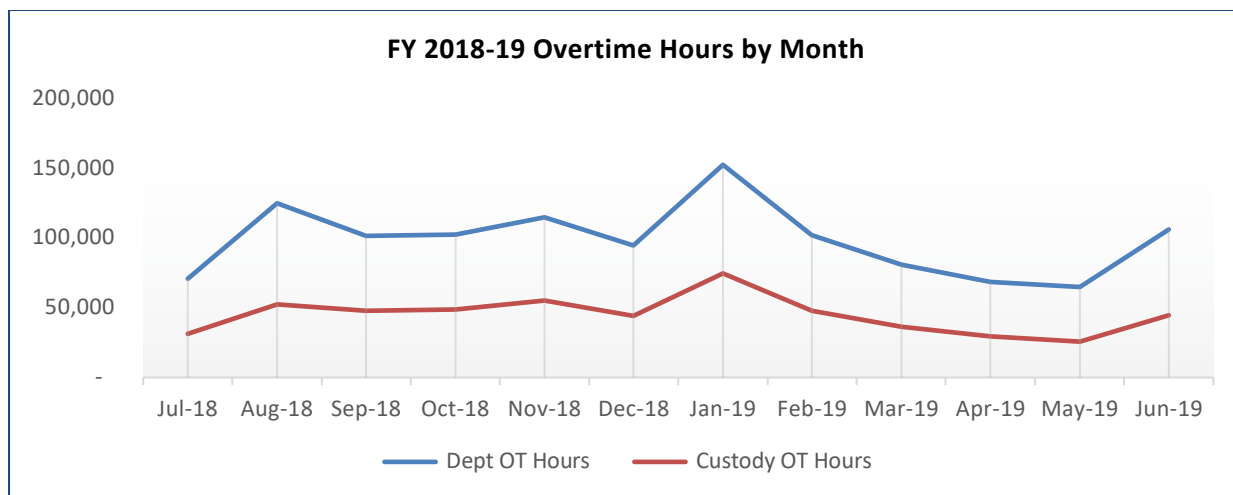


Figure IV-8
FY 2018-19 Monthly Overtime Hours in Custody Operations and Department

The average monthly inmate daily headcount decreased as the U.S. Immigrations and Customs Enforcement (ICE) Detention program ended in March 2019 and Musick Facility prepared to temporarily close for renovations.  There should be an expectation that as the ICE program ended, there would be a decrease of overtime hours, especially within Custody Operations as available staff would fill vacant positions.  The overall numbers of overtime hours in custody command primarily reflects the overall staffing number and not necessarily the headcount of inmates.

Within the Men's Central Jail, the staffing needs have been re-evaluated so there is an allowed flexibility in staffing on each shift.  While there is a certain amount of staffing per shift schedule, each shift also has a different requirements for minimum and maximum staffing levels.  Should there be unstaffed shifts from vacancies, vacations, sick leave, training, there is not necessarily a need to replace all of the shifts.  This allows the scheduler to maintain some flexiblity for keeping unstaffed shifts, rather than requiring them to be filled with overtime hours.

The temporary closure of the Musick Facility has allowed the positions from the Musick Facility to feed into the other custody facilities.  The County should see a significant decrease in overtime hours from Custody Command for FY 2019-20 as a result of extra staffing being available.  Staff tend to rotate out of Custody Command and rather build their careers in Patrol and Investigation because there is a lack of opportunities to build a career in Custody Command.  Because of this trend, it is likely that full staffing is not likely to continue and that eventually, the Sheriff's Department should continue its pace of training new hires so that they will not once again be significantly understaffed.

Recommendation IV.3:  Reevaluate staffing needs by shifts in custody facilities, maintaining flexibility for the scheduler to allow for minimum and maximum staffing levels.  These evaluations should also include day and night shifts as well as inmate headcounts, etc.

## Five-Year Trend in Overtime Hours by Position

Overtime by positions show that a majority of overtime is used by sworn officers including Deputy Sheriffs, Sergeants, and Investigators.
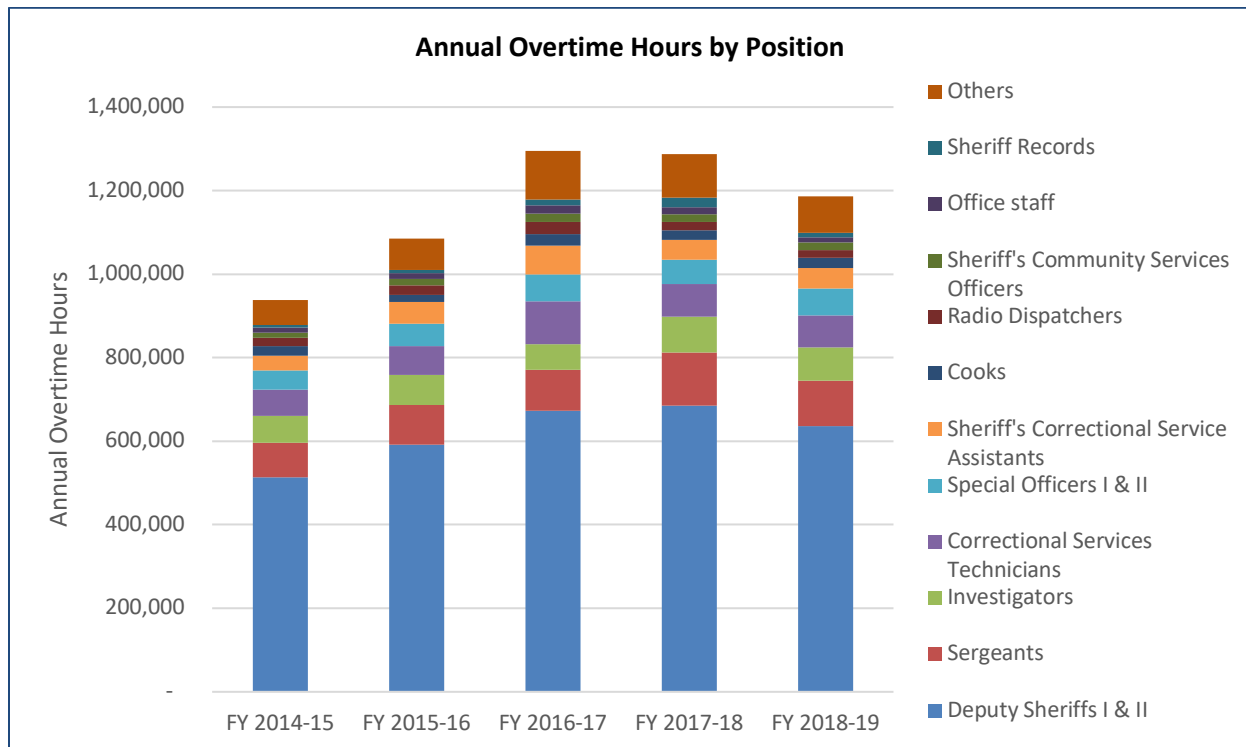


Figure V-1
Five Year Trend in Overtime Hours by Position

*Over 50% of overtime hours are utilized by the Sheriff Deputy I and II positions.*

*Approximately 70% of overtime hours are utilized by the sworn Peace Officers positions of Sheriff Deputy, Sergeant, and Investigator.*

An overview of a five-year trend of overtime use and costs in the department reveals that the overtime costs were heightened by a jump in overtime hours from FY 2014-15 to FY 2016-17. Interviews with the department's financial staff, Commanders, and Captains, have confirmed their tighter control over overtime costs over the past two years, by having each division and section take responsibility of their own budget of their overtime hours. Yet the

question remains as to the cause for the increase in overtime hours and how many overtime hours are reasonable so that the County's public safety is not compromised.



**FY 2018-19 OVERTIME HOURS BY POSITION**

Radio Dispatchers 2%
Sheriff's Community Service Officers 2%
Office Staff 1%
Sheriff Records 1%
Cooks 2%
Correctional Service Assistants 4%
Special Officers 6%
Correctional Service Technicians 7%
Investigators 7%
Sergeants 10%
Deputy Sheriffs I & II 58%
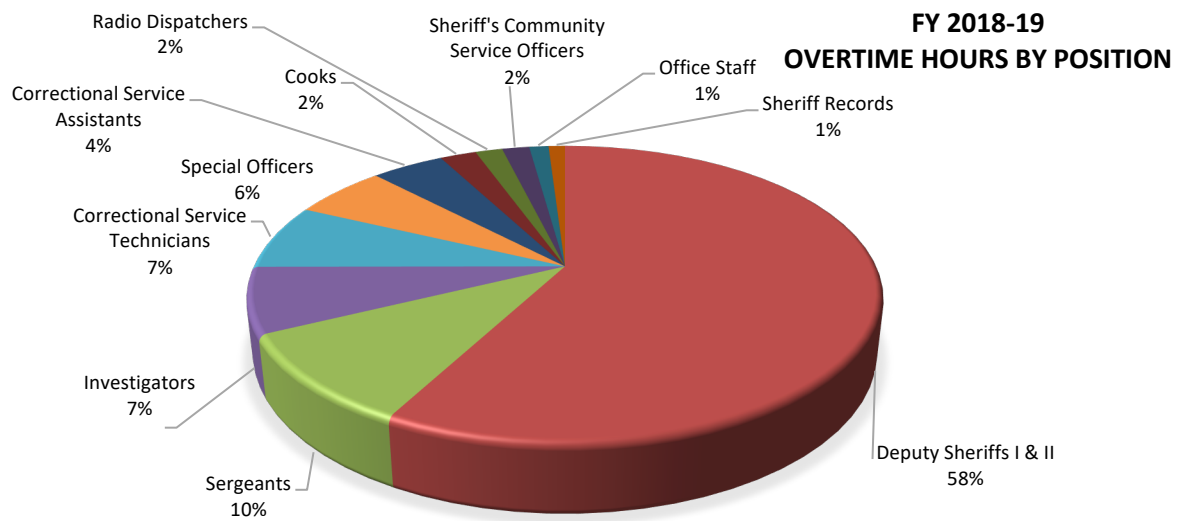
Figure V-2
Chart of FY 2018-19 Overtime by Positions

**Recommendation V.1: Modify the department's Overtime Policy and the MOUs so that everyone in the department receives overtime pay based on hours worked, not hours paid.**

Currently, those under the Peace Officer's MOU receive overtime pay for hours worked beyond their regular shift, allowing them to take time off and earn overtime hours in the same pay period. This has allowed for Sheriff Deputies I and II, Sergeants, and Investigators to earn, on average, over 30% of their salary from overtime pay. This was a previous recommendation of the *2008 Overtime Report*. Since then, the Special Officers MOU was modified to have overtime pay be based on hours worked, not hours paid, but the Peace Officer's MOU has remained to allow overtime pay for hours worked beyond their regular shift.

**Recommendation V.2: Increase the use of civilians for department staff.**

Consider increasing the use of non-sworn, civilian staff throughout the department in order to decrease the overtime costs in addition to increasing overall salary savings. Other Counties and police services have utilized this strategy in order to decrease overall costs. Counties, such as Riverside and San Diego have focused on increasing their civilization in Custody Operations, where there becomes greater opportunity for non-sworn Correctional Services staff to build a full career in Custody Operations. There could be some additional opportunities for increasing the use of civilian staff on units to aid with investigations and reports.

## VI.    ISSUES THAT AFFECT OVERTIME

## Labor Agreements

*Over the last five years, the average cost per overtime hour has increased from an average cost of $51.59 per hour to $58.18, an increase of 12.8%.*

| Year | Cost | Hours | Average cost per hour |
|---|---|---|---|
| FY 2014-15 | $ 48,418,303.00 | 938,574 | $ 51.59 |
| FY 2015-16 | $ 61,788,607.00 | 1,085,725 | $ 56.91 |
| FY 2016-17 | $ 71,404,434.00 | 1,268,891 | $ 56.27 |
| FY 2017-18 | $ 71,562,700.00 | 1,287,775 | $ 55.57 |
| FY 2018-19 | $ 69,045,515.00 | 1,186,717 | $ 58.18 |

Table VI-1
Five Year Trend of Overtime Costs Per Hour

Overtime has become more expensive to fund in FY 2018-19.  The cost per hour of overtime averaged $51.59 per hour in FY 2014-15 and averaged $58.18 per hour in FY 2018-19.  This is partially due to the approved salary increases in the Memoranda of Understanding (MOUs) negotiated with each employee bargaining unit.  MOUs are negotiated with the County and approved by the Board of Supervisors and are beyond the control over the department.

Should the salaries of the employees of the department increase in the MOU, there should also be an expectation that Overtime Costs should at least increase by that same amount, unless overtime hours are decreased.  Besides negotiated base salary increases across the board, overtime costs are also sensitive to other cost increases, such as an introduction to higher Step salary increases in FY 2015-16 in the Peace Officers MOU, allowing those with more seniority to increase their base salaries.  The reintroduction of vacation leave from annual leave in the beginning of 2017 also encourages employees to utilize their vacation time, resulting in Shift Replacements for overtime because of limitations on its accumulation.

Finding: Increasing the salaries of department employees **directly** impacts the costs of overtime.

Approved Salary Increases for Peace Officer's MOU

| Impact on Fiscal Year | Changes in Salary Terms |
|---|---|
| FY 2015-16 | 3% increase base salaries<br>Introduction of a new Step 13 and 14 on top of Step 12 |
| FY 2016-17 | 2.5% increase base salaries<br>January 2017: Elimination of Annual Leave method of time off and return to separate Vacation and Sick Leave allocations |
| FY 2017-18 | July 2017: 1.5% increase base salaries<br>January 2018: 1.5% increase base salaries |
| FY 2018-19 | July 2018: 1.5% increase base salaries<br>January 2019: 1.5% increase base salaries |

Approved Salary Increases for County General Unit and Sheriff Special Officers MOU

| Impact on Fiscal Year | Changes in Salary Terms |
|---|---|
| FY 2015-16 | 4.5% increase in base salaries |
| FY 2016-17 | 2.5% increase base salaries |
| FY 2017-18 | 2.5% increase base salaries |
| FY 2018-19 | June 2018 1.5% increase base salaries<br>January 2019 1.0% increase base salaries |

It should be expected that overtime costs will continue to increase by at least the salary increases each year, unless overtime hours can be decreased.

## State Prison Realignment (AB 109)

Interviews with Captains in Custody Operations discussed issues and concerns with the changed inmate population as well as some departmental policies that are beyond their control which lead to carrying many of the department's overtime hours to their units. Interviews with Custody Operations as well as the Executive Team from the Sheriff's Department, noted that a large part of the changed inmate population is due to the passage of the State's AB 109 in 2011 (State Realignment). County jails were not built for inmates to serve out long term sentences. Prior to 2011, the inmate population was typically for holding people while they wait for their trials. Post AB 109, inmates began serving out their non-violent, non-serious, non-sex offender sentences in County jails rather than in State Prisons. Because State Prisons were built for people to serve out their sentences, prisons typically have educational, technical training, and other recreational opportunities that the County jails have not traditionally needed or offered to inmates.

In addition, circumstances like inmate riots that are regular occurrences among state prison populations, now occur in the County Jails, as evidenced in the February 2019 riot in the Musick Facility and the December 2018 riot in the Men's Central Jail. According to the

Sheriff Don Barnes, prior to the law taking effect, there were an average of 26.8 inmate assaults on staff every year. Since the bill took effect, the average has more than doubled to 64.5 assaults per year (abc7.com, December 20, 2018). Because of the danger of assaults, the use of non-sworn staff has become more limited.

The threat of litigation, as seen from other county jails, has forced the County to rethink the facilities and staffing needs. The threat of litigation has led to the temporary closure of the Musick Facility (July 2019) and the termination of the ICE detention/housing contracts (March 2019) in order to upgrade the facilities and services to accommodate the changing needs of County inmates, specifically the needs of mental health patients. Class action lawsuits to California County have recently included:

- San Bernardino County Jails (April 2018) reached a settlement with the Prison Law Office on claims of civil rights violations and lead to allowable increases of time outside of cells.
- Santa Clara County Jails (October 2018) reached a settlement with the Prison Law Office to improve living conditions for inmates confined over three years as well as to improve provisions for medical, dental, and mental health programs.
- Sacramento County Jails (June 2019) reached a settlement with the Prison Law Office and called for significant expansion of mental health programming and services as well as other health services, a reduction of the County jail population, and investment in other community services and programs.

Despite being under the threat of litigation, Custody Operations has been able to lower its level of overtime hours and overtime costs over the past two years. They also contend with a regularly changing staff as many of the Correctional Staff and Patrol Deputies start out in Custody Operations before moving to Field Operations. Overtime use in the custody operations occurs regularly as events such as hospital escorts and security are unplanned events that cannot be scheduled. Overtime hours have been reduced by evaluating current policies and procedures to managing safety and security.

## U.S. Immigration and Customs Enforcement (ICE) Contract

The County notified the U.S. Immigration and Customs Enforcement (ICE) of its intention to discontinue the County's ICE detention program in March 2019. Overtime costs due to the ICE contract no longer has a negative effect on overtime for the department. By reassigning the former staffing needs for ICE detainees as well the temporary closure of the Musick Facility for renovations to the other Jail facilities, we anticipate a significant decrease in overtime hours in Custody Command in FY 2019-20.

ICE detainees were processed through the Intake Release Center and those that stayed past 72 hours were housed in the Theo Lacy Facility and the James A. Musick Facility. The Federal Government's contract with the County reimbursed the County at a rate of $118/day per bed to the County for a maximum of 958 beds as well as provided reimbursement for medical prescriptions as well as staffing for escorts and travel costs for court appearances.

While staffing needs of the detainees were descretionary by the department, there were also additional requirements place on the Custody Command Division for food, laundry, and staff training. These standards were stated in the contract with ICE and the 2011 Performance Based National Detention Standards. Since the detainees were not facing criminal charges and the requirement of escorts and transportation for court appearances could be planned in advance, there was no noticable increases in overtime activities due to the ICE contract. Overtime hours due to the ICE Detention contract was at 0.2% of all of the overtime hours in FY 2018-19. The Custody Operation's peak overtime use in FY 2016-17, ICE Detention job codes were only used for 0.3% of all of the overtime hours used in the department.

## Management of Overtime Use

As other significant impacts on overtime costs or hours could not be discerned from the data, we conclude that it is the general management of overtime use that effects overtime for the department. The department has made strides in decreasing its overtime use since becoming aware of its dramatic increase in overtime costs in FY 2016-17. Much of the management of overtime use can be directly attributed to the development of management practices to control and monitor overtime use by having the department's finance staff train the divisions and unit staff to understand budgets, and carefully monitor budgeted monthly overtime hours and costs.

Work schedules and service levels have not changed significantly to warrant changes in overtime use. We have not been made aware of any significant changes in work schedules since the change to a Platoon Schedule in 2008, eliminating a shorter 8 hour work shift. Service levels are discretionary to some extent. It is the responsibility of the department's management to determine the service level that it has the ability to provide in order to keep a community safe. It is often when there are public safety failures that the County realizes that the service level is not sufficient.

Service levels in Custody Services are established in order to keep the inmates and the staff safe. They have seen failure with an escape in the Men's Central Jail in January 2016. Rising violent incidents between inmates and staff have called for a re-evaluation of policies and procedures. For staffing, this has caused an increased reliance on the utilization of sworn deputies and a limitation of the non-sworn Special Officers and Correctional Service Staff. The use of Deputies in Custody Services is more costly to fund than non-sworn staff, but has been necessary to manage inmates.

Service levels in Field Operations and Investigations are primarily developed in negotiation with the cities that contract for police services. Service levels for patrol units are also discretionary to the level of service the Captain can provide according to the budget and service level expectations set by the Board of Supervisors. There is some discretion for

overtime use in making decisions to fill shift replacements or allow for extended shifts or other planned overtime activities.

Many of the same issues of employee practices that lead to overtime maximization noted in the *2008 Overtime Audit*, were also present in the five years of *Over 48 Hours of Overtime* reports that were reviewed for this report.  Appearing in the *Over 48 Hours of Overtime* reports should be rare occurrences, since these should only be exceptions to the department's Overtime Policy otherwise employees would be in violation of the policy.  In the FY 2014-15, 2015-16, and 2016-17, there were 20 median incidents per pay period as opposed to the 3 median incidents per pay period in FY 2018-19.



It is likely that if employees are allowed to "game the system" with no negative consequences, it paves the way for others to also game the system.  Hence, many employees appear numerous times in different pay periods in the *Over 48 Hours of Overtime Reports*.  While some were legitimate reasons for utilizing a large amount of overtime, such as responding to emergency situations, many were not.

Figure VI-1
Five Year Trend of Median Number of Incidents in a Pay Period of Over 48 Hours of Overtime Reports

Some employee overtime maximization practices we observed from the *Over 48 Hours of Overtime Reports*:

1. Taking time off of regular shifts and picking up overtime shifts during the same pay period (noted in *2008 Overtime Audit*).

   The Peace Officer's MOU allows for overtime pay for any hours worked over their regular shift.  This practice allows people to take a shift off and pick up a replacement shift or a special event without being overworked.  This practice leads others to pick up their dropped regular shift as a shift replacement, also earning overtime pay, the action causing two sets of shifts on overtime pay.

2. Frequent extensions of work shifts (noted in *2008 Overtime Audit*).

   There were many more incidents of shift extensions of a few hours to complete assignments/report writing prior to FY 2017-18.

3. Employees working overtime in multiple locations (noted in *2008 Overtime Audit*)

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Several employees worked overtime as shift replacements in multiple locations, making it difficult for Scheduling Supervisors to monitor overtime worked.

4.  Orange County Fair increases violation of Overtime Policy

    Many employees worked many additional hours of overtime for the Orange County Fair, appearing on the *Over 48 Hours of Overtime Reports* during those pay period. In addition, there were also marked increases of overtime hours and costs to the North Patrol unit during those times as employees would take off their regular shifts to provide staffing for the Orange County Fair, requiring the North Patrol Unit to take on overtime shifts to fill replacement shifts.

Since increased vigilance of overtime budgets, the median number of incidents of people working over 48 hours in a pay period has been reduced to 3. More of these incidents are reports of mandatory call backs for emergencies and for mutual aid.

Finding: While the MOU with the Sheriff's Special Officers and the General Units have OT based on hours worked, the Peace Officer's MOU is based on anything additional to a regular shift, allow for a practice that maximizes overtime.

For Peace Officers, this method of maximizing overtime hours allows overtime pay to be calculated on hours paid versus hours worked was noted in the *2008 Overtime Report*. On the reports for the *Over 48 Hours of Overtime* in a pay period, this was a method frequently utilized by Deputies who appeared on the reports. On the *Over 48 Hours of Overtime Reports*, it often noted where Deputies took annual leave or other leave during the pay period and worked over 48 hours overtime. While this notation would reveal that the department's Overtime Policy is not violated, because the employee did not technically work over 48 hours in addition to their regular hours, this practice does allow Peace Officers to maximize their overtime hours without being overworked. On the other hand, General Units and Sheriff Special Officers are not allowed to accumulate overtime hours by working anything over their regular shifts (only their hours worked), so that Correctional Services Staff appear much less frequently on the *Over 48 Hours of Overtime Reports*, even though they accumulated a significant number of overtime hours.

Recommendation VI.1: Employees who appear in an *Over 48 Hours of Overtime Report* for non-emergency events in violation of the department's Overtime Policy, should be given a consequence for violation of the Overtime Policy.

We were unaware of any consequences given to those frequently violating the Overtime Policy. Possible consequences for an overtime policy violation could be placing a limitation on one's ability to be scheduled for future overtime shifts or to be given less priority for taking overtime shifts.

Recommendation VI.2: Those who have requested any time off in a pay period, should not be scheduled for shift replacements or special events unless others in the patrol unit have turned down those overtime shifts.

Recommendation VI.3: Allow more civilian staff to assist in providing overtime staffing for planned overtime special events, so that overtime costs are less costly to the department.

## Electronic Scheduling and Timekeeping Systems

The payroll system (VTI) can help keep better track of payroll issues. The violation of the Overtime Policy is likely to occur, even as VTI helps to report those overtime hours, unless the scheduling Supervisors are constantly using VTI to track overtime worked before scheduling shift replacements or special event shifts. During our interviews, many of the staff were in the process of shifting to utilizing the electronic timekeeping system that is utilized by the County. It is hoped that once this system is in place for all employees in the division, it will allow for better supervision of overtime usage by employees. It should also allow for easier access to reports of employees who are earning more overtime than others.

InTime, the Scheduling System for the Sheriff's Department is a separate system from VTI. The department is currently unable to transfer information between VTI and InTime to ensure that schedules and timekeeping match for each employee. InTime should be regularly used by Scheduling Supervisors to not allow the approval of taking regular time off (annual leave or sick leave) while signing up for other Shift Replacements, especially those from other units. The use of InTime could allow the Scheduling Supervisors to better track personnel, especially from other units, to view personnel schedules and also to ensure that overtime shifts are being distributed fairly, allowing more people to have access to overtime, rather than a select few.

Recommendation VI.4: Scheduling Supervisors should review employee InTime schedules and VTI for hours worked prior to approving Shift Replacements and Planned Overtime.

Recommendation VI.5: Allow employees to swap shifts in order to accommodate needed personal time off.

Allowing for shift swaps would allow for employees to be able to swap out their shifts in order to accommodate personal needs. This would eliminate overtime hours if two employees can agree to switch shifts rather than having one employee take a leave of their shift, requiring their vacated shift to be filled by a shift replacement at overtime pay. This would also make it less likely for the person who needed time off for a personal need to pick up an extra shift at overtime costs.

Recommendation VI.6: Replace the current scheduling system (InTime) and the payroll system (VTI) with an integrated scheduling and timekeeping system.

Many of the *2008 Overtime Report* recommendations regarding the IT systems' impact on overtime management are yet to be implemented. While the department should soon be fully integrated with VTI, the InTime system for scheduling is not integrated into the VTI system. The sign in sheet process of time worked is still manual, subject to errors in electronic entry of the information. As the VTI process for payroll is in the initial stages of implementation of the employee's ability to submit time sheets, there should be increased management control over overtime worked. Utilizing an integrated scheduling system would aid in the department's ability to manage and control the employee scheduling of overtime.

## Additional Recommendations for Decreasing Overtime Costs

### Recommendation VI.7: Increase flexibility in management of shift replacements.

While it may make sense to ensure that each shift is replaced, the department may consider developing a more flexible schedule for shift replacements by having each unit consider utilizing a minimum number of staffing per shift, rather than exact numbers of staffing. The Men's Central Jail has re-evaluated its staffing needs and has implemented a system of minimum staffing levels which has helped to reduce its overtime hours over the last three fiscal years. There should also be a consideration for the number of inmates being housed and develop some flexibility of staffing levels when the inmate population is lower. Custody Operations units and Field Operations units should be constantly evaluating their staffing needs to determine necessary shift replacements to meet service levels and not automatically replacing shifts when they come open.

### Recommendation VI.8: Decrease the budgeted overtime hours per unit.

The current monthly overtime budgets for each unit seems to be working as a targeted number in order to combat the increase in overtime hours. Decreasing the overtime hourly budget targets by the same amount of the yearly salary increases by the Peace Officer's MOU would keep the overall overtime costs from increasing. Decreasing the overtime hourly budget targets beyond the salary increases would help to bring the overtime costs back to a "reasonable" level for the department. The department needs to set realistic expectations of overtime hours and costs. Intentionally underfunding overtime costs for the department makes it difficult to set and establish realistic goals.

# Appendix I – FY 2018-19 Reasons for Overtime

| Justification | Number of Overtime Hours | % of all Overtime Hours |
|---|---:|---:|
| **Shift Replacements** | **467,208** | **39.4%** |
| Vacation Leave | 128,392 | 10.8% |
| Vacant Positions | 123,346 | 10.6% |
| Worker's Comp or Other Leave of Absence | 66,944 | 5.6% |
| Training | 50,853 | 4.3% |
| Sick Leave | 41,105 | 3.5% |
| Loan to other Division & Special Assignments | 24,263 | 2.0% |
| All Others (listed & misc.) | 20,018 | 1.7% |
| Comp Time | 10,286 | 0.9% |
| **Unlisted Job Number/Description** | **334,184** | **28.2%** |
| Mandatory Holiday Compensation Payout | 175,149 | 14.8% |
| Compensation Payoff | 110,754 | 9.3% |
| MCP & Misc. | 41,638 | 3.5% |
| Mandatory Compensation Pay (ST) | 6,642 | 0.6% |
| **Planned Overtime** | **239,539** | **20.2%** |
| Training | 58,129 | 4.9% |
| Other | 54,925 | 4.6% |
| Special Events | 47,003 | 4.0% |
| Hospital Security | 19,335 | 1.6% |
| Investigations | 17,825 | 1.5% |
| Maintenance | 14,055 | 1.2% |
| Misc. (all others) | 11,797 | 1.0% |
| Backlog Clear | 7,742 | 0.7% |
| Range Qualify | 5,894 | 0.5% |
| Community Awareness | 1,608 | 0.1% |
| Mutual Aide | 1,226 | 0.1% |
| **Shift Extensions** | **93,216** | **7.9%** |
| Complete Assignment | 70,393 | 5.9% |
| Special Project | 6,605 | 0.6% |
| Report Writing | 5,682 | 0.5% |
| Meals | 5,562 | 0.5% |
| Shift Extension | 3,152 | 0.3% |
| Clear Backlog | 1,336 | 0.1% |
| **Call Back/Investigations** | **35,579** | **3.0%** |
| **Misc.** | **16,992** | **1.4%** |
| **Total** | **1,186,717** | **100.0%** |

# Appendix II – FY 2018-19 Overtime by Unit

| Division | Unit | OT Hours | % OT Hours |
|---|---|---|---|
| FIELD OPERATIONS AND INVESTIGATIONS DIVISION | | **557,511** | **47.0%** |
| | 1401 - HAZARDOUS DEVICES SQUAD | 6,622 | 0.6% |
| | 1402 - NORTH INVESTIGATIONS | 2,189 | 0.2% |
| | 1403 - SAN CLEMENTE  POLICE SERVICES | 23,583 | 2.0% |
| | 1404 - SAN JUAN CAPISTRANO POLICE SERVICE | 17,722 | 1.5% |
| | 1405 - MISSION VIEJO POLICE SERVICES | 27,826 | 2.3% |
| | 1406 - DANA POINT POLICE SERVICES | 20,645 | 1.7% |
| | 1407 - LAGUNA NIGUEL POLICE SERVICES | 23,240 | 2.0% |
| | 1408 - LAGUNA HILLS POLICE SERVICES | 14,263 | 1.2% |
| | 1409 - LAKE FOREST POLICE SERVICES | 31,521 | 2.7% |
| | 1410 - LAGUNA WOODS POLICE SERVICES | 4,389 | 0.4% |
| | 1411 - NORTH PATROL BUREAU | 35,751 | 3.0% |
| | 1412 - SOUTHEAST PATROL OPERATIONS | 23,375 | 2.0% |
| | 1413 - SOUTHWEST OPERATIONS | 16,276 | 1.4% |
| | 1414 - STANTON POLICE SERVICES | 16,589 | 1.4% |
| | 1415 - EMERGENCY COMMUNICATIONS BUREAU | 18,735 | 1.6% |
| | 1416 - RESERVE FORCES | 2,874 | 0.2% |
| | 1417 - HARBOR PATROL SERVICES | 18,060 | 1.5% |
| | 1418 - AIR SUPPORT BUREAU | 9,765 | 0.8% |
| | 1419 - CONTROL ONE | 6,138 | 0.5% |
| | 1420 - DIRECTED ENFORCEMENT TEAM (NORTH DET) | 3,176 | 0.3% |
| | 1421 - HARBOR PATROL ADMINISTRATION | 2,869 | 0.2% |
| | 1426 - RANCHO SANTA MARGARITA POLICE SERVICES | 17,098 | 1.4% |
| | 1427 - ALISO VIEJO POLICE SERVICES | 13,767 | 1.2% |
| | 1428 - VILLA PARK POLICE SERVICES | 3,016 | 0.3% |
| | 1429 - CAPISTRANO SCHOOL DISTRICT | 60 | 0.0% |
| | 1430 - FAMILY PROTECTION DETAIL | 1,231 | 0.1% |
| | 1431 - INVESTIGATION ADMINISTRATION | 211 | 0.0% |
| | 1432 - SPECIAL VICTIMS DETAIL | 3,128 | 0.3% |
| | 1433 - FUGITIVE/WARRANT BUREAU | 3,042 | 0.3% |
| | 1434 - HOMICIDE BUREAU | 5,774 | 0.5% |
| | 1435 - TARGET/INJUNCTION | 5,844 | 0.5% |
| | 1436 - CRIME ANALYSIS DETAIL | 766 | 0.1% |
| | 1437 - CYBER CRIME | 623 | 0.1% |
| | 1438 - ECONOMIC CRIMES | 1,660 | 0.1% |
| | 1439 - COMPUTER CRIMES | 718 | 0.1% |
| | 1441 - MOUNTED ENFORCEMENT UNIT | 1,616 | 0.1% |
| | 1443 - OC INTELLIGENCE ASSESSMENT CENTER | 1,817 | 0.2% |
| | 1444 - HOMELAND SECURITY GRANT | 54 | 0.0% |
| | 1445 - JOINT TERRORISM TASK FORCE | 953 | 0.1% |
| | 1446 - SWAT | 16,829 | 1.4% |
| | 1447 - HSG ADMIN/MUTUAL AID BUREAU | 2,169 | 0.2% |
| | 1448 - TACTICAL APPREHENSION TEAM | 10,317 | 0.9% |
| | 1477 - OC HOMELESS OUTREACH TEAM | 5,524 | 0.5% |
| | 1480 - METH LAB | 1,808 | 0.2% |
| | 1481 - AIRPORT DETAIL | 28,414 | 2.4% |
| | 1482 - YORBA LINDA POLICE SERVICES | 18,013 | 1.5% |
| | 1486 - SECURITY BUREAU | 27,436 | 2.3% |
| | 1487 - OCTA SECURITY SERVICES | 16,667 | 1.4% |
| | 1488 - PATROL CANINE (K9) | 3,877 | 0.3% |
| | 1492 - SPECIAL OPERATIONS/INTELLIGENCE | 4,995 | 0.4% |
| | 1494 - GANG ENFORCEMENT TEAM (GET) | 5,263 | 0.4% |
| | 1498 - REGIONAL NARCOTICS SUPPRESSION PROGRAM | 14,309 | 1.2% |
| | 1499 - SHERIFF'S NARCOTICS PROGRAM | 14,904 | 1.3% |

| | | | |
|---|---|---:|---:|
| **PROFESSIONAL SERVICES DIVISION** | | **40,061** | **3.4%** |
| | 5440 - S.A.F.E. | 757 | 0.1% |
| | 5451 - OC CRIME LAB | 11,224 | 0.9% |
| | 5453 - BUSINESS LICENSE | 36 | 0.0% |
| | 5454 - CORONER | 4,550 | 0.4% |
| | 5455 - INTERNAL AFFAIRS | 3,469 | 0.3% |
| | 5456 - RECRUITING | 2,092 | 0.2% |
| | 5457 - EMPLOYEE RELATIONS | 112 | 0.0% |
| | 5458 - EMPLOYEE SERVICES | 222 | 0.0% |
| | 5459 - CCW LICENSE | 606 | 0.1% |
| | 5460 - BACKGROUND | 3,522 | 0.3% |
| | 5461 - PROFESSIONAL STANDARDS DIVISION | 621 | 0.1% |
| | 5462 - TRAINING ACADEMY | 5,726 | 0.5% |
| | 5463 - RANGE | 1,734 | 0.1% |
| | 5464 - STC/AOT/RTU | 778 | 0.1% |
| | 5465 - TACTICAL TRAINING CENTER | 2,198 | 0.2% |
| | 5466 - FIELD TRAINING BUREAU | 823 | 0.1% |
| | 5467 - TRAINEE UNIT | 1,591 | 0.1% |
| **CUSTODY OPERATIONS DIVISION** | | **539,272** | **45.4%** |
| | 7412 - TRANSPORTATION BUREAU | 29,825 | 2.5% |
| | 7458 - JANITORIAL SERVICES | 1,622 | 0.1% |
| | 7471 - MENS CENTRAL JAIL | 83,083 | 7.0% |
| | 7472 - THEO LACY FACILITY | 198,680 | 16.7% |
| | 7473 - JAMES A. MUSICK FACILITY | 53,806 | 4.5% |
| | 7474 - WOMEN CENTRAL JAIL | 14,913 | 1.3% |
| | 7477 - FOOD SERVICES | 25,345 | 2.1% |
| | 7478 - INTAKE RELEASE CENTER | 131,650 | 11.1% |
| | 7479 - INMATE PROGRAMS | 347 | 0.0% |
| **MISCELLANEOUS** | | **1,516** | **0.1%** |
| | 3700 - CIVIL PROCESS SERVICES | 171 | 0.0% |
| | 8497 - COMMUNITY PROGRAMS AND SERVICES | 702 | 0.1% |
| | 8498 - PUBLIC AFFAIRS | 642 | 0.1% |
| **ADMINISTRATIVE SERVICES DIVISION** | | **48,358** | **4.1%** |
| | 9360 - ENGINEERING | 2,461 | 0.2% |
| | 9364 - RADIO & MICROWAVE SYSTEMS | 1,890 | 0.2% |
| | 9366 - DISPATCH CENTER SYSTEMS | 756 | 0.1% |
| | 9370 - EMERGENCY COMMUNICATIONS UNIT | 242 | 0.0% |
| | 9376 - 800 MHZ DRAFTING SVCS | 4 | 0.0% |
| | 9380 - TECHNICAL SERVICES | 310 | 0.0% |
| | 9381 - ENGINEERING VIDEO/SOUND | 136 | 0.0% |
| | 9382 - INSTALLATION SVCS | 1 | 0.0% |
| | 9383 - SOUND SVCS | 711 | 0.1% |
| | 9384 - RADIO SVC - SHOP | 422 | 0.0% |
| | 9387 - CUST SERV & PURCHASING | 196 | 0.0% |
| | 9390 - COMMUNICATIONS ADMINISTRATION | 3,238 | 0.3% |
| | 9392 - ACCOUNTING/ADMIN SUPPORT | 83 | 0.0% |
| | 9421 - RECORDS | 6,832 | 0.6% |
| | 9422 - PROPERTY/EVIDENCE | 1,869 | 0.2% |
| | 9424 - INFORMATION SERVICES BUREAU | 4,301 | 0.4% |
| | 9425 - RESEARCH & DEVELOPMENT | 478 | 0.0% |
| | 9430 - QUARTERMASTER | 317 | 0.0% |
| | 9475 - FACILITY PLANNING TEAM | 2,038 | 0.2% |
| | 9483 - FLEET MANAGEMENT | 87 | 0.0% |
| | 9484 - FACILITIES OPERATIONS | 9,815 | 0.8% |
| | 9490 - PURCHASING BUREAU | 203 | 0.0% |
| | 9491 - ADMINISTRATION | 2,093 | 0.2% |
| | 9493 - FINANCIAL/ADMIN SERVICES | 3,306 | 0.3% |
| | 9495 - CASHIERING OPERATIONS | 6,284 | 0.5% |
| | 9496 - SUPPLY/REPRODUCTIONS | 285 | 0.0% |
| **TOTAL OVERTIME HOURS** | | **1,186,717** | **100.0%** |

# Appendix III – FY 2018-19 Overtime by Position

| Position | Number of Overtime Hours | % of total Overtime Hours | Cost of Overtime | % of total Cost of Overtime | % Overtime Out of Salary |
|---|---|---|---|---|---|
| Deputy Sheriff II (6130PO) | 362,902 | 30.6% | $ 24,496,437 | 35.5% | 37% |
| Deputy Sheriff I (6128PO) | 272,910 | 23.0% | $ 14,968,834 | 21.7% | 31% |
| Sergeant (6135SP) | 109,173 | 9.2% | $ 8,697,589 | 12.6% | 31% |
| Investigator (6508PO) | 78,957 | 6.7% | $ 5,859,598 | 8.5% | 35% |
| Correctional Services Technician (7451GE) | 68,180 | 5.7% | $ 2,366,766 | 3.4% | 37% |
| Sheriff's Special Officer II (6112SO) | 59,450 | 5.0% | $ 2,725,009 | 3.9% | 26% |
| Sheriff's Correctional Service Assistant (6116GE) | 48,636 | 4.1% | $ 1,783,236 | 2.6% | 19% |
| Sr. Institutional Cook (1622GE) | 18,915 | 1.6% | $ 663,476 | 1.0% | 24% |
| Sheriff's Community Services Officer (6122GE) | 18,099 | 1.5% | $ 601,257 | 0.9% | 22% |
| Radio Dispatcher (0695GE) | 14,648 | 1.2% | $ 744,014 | 1.1% | 26% |
| Sr. Correctional Services Technician (7453SM) | 9,755 | 0.8% | $ 585,669 | 0.8% | 59% |
| Lieutenant (6138ML) | 6,674 | 0.6% | $ 557,303 | 0.8% | 6% |
| Office Specialist (0536CL) | 6,485 | 0.5% | $ 182,362 | 0.3% | 5% |
| Sheriff Records Technician (0494GE) | 6,294 | 0.5% | $ 189,286 | 0.3% | 11% |
| Sr. Head Cook (1638SM) | 5,372 | 0.5% | $ 201,994 | 0.3% | 21% |
| Telecommunications Engineer III | 4,466 | 0.4% | $ 286,887 | 0.4% | 23% |
| Sheriff's Special Officer I (6109SO) | 4,001 | 0.3% | $ 124,796 | 0.2% | 14% |
| Investigative Assistant (0609GE) | 3,992 | 0.3% | $ 142,434 | 0.2% | 8% |
| Forensic Scientist III (3935GE) | 3,708 | 0.3% | $ 248,756 | 0.4% | 5% |
| Communications Coordinator II (3371GE) | 3,224 | 0.3% | $ 145,747 | 0.2% | 17% |
| Cashier (0830CL) | 3,041 | 0.3% | $ 86,584 | 0.1% | 22% |
| Accounting Office Supervisor I (0821SM) | 2,846 | 0.2% | $ 93,924 | 0.1% | 22% |
| Sheriff's Records Supervisor (0496SM) | 2,601 | 0.2% | $ 96,721 | 0.1% | 12% |
| Data Entry Specialist (0538CL) | 2,532 | 0.2% | $ 69,767 | 0.1% | 7% |
| Staff Specialist (8543GE) | 2,457 | 0.2% | $ 97,213 | 0.1% | 6% |
| Facilities Mechanic (3166CP) | 2,367 | 0.2% | $ 100,686 | 0.1% | 16% |
| Supvg Communications Coordinator (0696SM) | 2,312 | 0.2% | $ 119,763 | 0.2% | 30% |
| Crime Prevention Specialist (8908GE) | 2,260 | 0.2% | $ 80,327 | 0.1% | 16% |
| Supvg Radio Dispatcher (0696SM) | 2,085 | 0.2% | $ 121,112 | 0.2% | 22% |
| Air Conditioning Mechanic (3112CP) | 1,970 | 0.2% | $ 102,009 | 0.1% | 15% |
| Communications Technician II (3381GE) | 1,790 | 0.2% | $ 80,460 | 0.1% | 8% |
| Sr. Deputy Coroner (6007PS) | 1,742 | 0.1% | $ 89,891 | 0.1% | 7% |
| Sr. Forensic Scientist (3937SM) | 1,712 | 0.1% | $ 140,268 | 0.2% | 9% |
| Lead Forensic Specialist (3953GE) | 1,682 | 0.1% | $ 79,230 | 0.1% | 8% |
| Deputy Sheriff Trainee (6124PO) | 1,599 | 0.1% | $ 61,846 | 0.1% | 1% |
| Administrative Manager I (8011MA) | 1,590 | 0.1% | $ 75,730 | 0.1% | 1% |
| Forensic Specialist (3952GE) | 1,586 | 0.1% | $ 59,162 | 0.1% | 8% |
| Plumber (3136CP) | 1,560 | 0.1% | $ 65,127 | 0.1% | 10% |
| Sr. Communications Technician (3382SM) | 1,483 | 0.1% | $ 70,929 | 0.1% | 10% |
| Captain (6141ML) | 1,416 | 0.1% | $ 133,825 | 0.2% | 5% |
| Sr. Project Manager (1937SM) | 1,336 | 0.1% | $ 100,520 | 0.1% | 29% |
| Training Assistant/Sheriff (0674GE) | 1,271 | 0.1% | $ 45,002 | 0.1% | 7% |
| Craft Supervisor I Electrical/Mechanical (3182SM) | 1,242 | 0.1% | $ 65,077 | 0.1% | 12% |
| Administrative Manager II (8012MA) | 1,233 | 0.1% | $ 80,383 | 0.1% | 2% |
| All Others (each position under 0.1% of overtime hours for the Department) | 35,162 | 3.0% | $ 1,372,261 | 2.0% | |
| **Total** | **1,186,717** | **100.0%** | **$ 69,059,267** | **100.0%** | **24%** |

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# Appendix IV – List of Recommendations

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# ORANGE COUNTY
## SHERIFF'S DEPARTMENT

EXTERNAL MEMO

**To:** Chief Financial Officer Michelle Aguirre, County of Orange

**From:** Executive Director Brian Wayt, Administrative Services Command

**Date:** June 9, 2020

**RE:** Response to Performance Audit of Sheriff-Coroner Overtime County of Orange

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Please find the attached responses to the March 24, 2020 Performance Audit of Sheriff-Coroner Overtime conducted by Arroyo Associates.

If you have any questions, please contact me at (714) 647-1803.

c:    Senior Director Robert Beaver, Administrative Services Command
Director Noma M. Crook, Financial/Administrative Services Division
Sharon Tabata, Assistant Director, Financial/Administrative Services
Ryan Van Otterloo, Budget Officer, Financial/Administrative Services
Mirabelle Esparza, Budget Planning Manager, Financial/Administrative Services
Lynn Wilkerson, Contracts Manager
Linh Vuong, Cost/Audit Manager, Financial/Administrative Services
Monique Vansuch, Audit Manager, Financial/Administrative Services

Integrity without compromise | Service above self | Professionalism in the performance of duty | Vigilance in safeguarding our community

**OT Audit Report Reply**

**Recommendation:**
II.1 Modify the ERMI software to ensure that data is correctly aggregating by months for dates of the end of the pay period.

**Response**:
The ERMI program is a County-Wide system that is controlled by the County Auditor-Controller, therefore any changes to the system are at the sole discretion of the Auditor-Controller. While the timing of the monthly report data could be modified, the current system captures data accurately based on parameters of the system.

**Recommendation:**
III.1 Determine if Compensation Payoffs and Holiday Mandatory Compensation Payouts and other Mandatory Compensation Pay without Job Codes or Descriptions should continue to be included in the Overtime Budget.

**Response**:
Compensation Payoffs, Holiday Mandatory Compensation Payouts, and other Mandatory Compensation Pay without job codes should be included in the Overtime Budget as these are overtime costs associated with actual overtime hours worked and/or hours accrued through vacation or annual leave and paid out. These are true cost to the Sheriff's department 24/7 operation.

**Recommendation**:
III.2 Require units to report job numbers and job description with each report of overtime so that data more accurately reflects the justification for overtime hours and costs.

**Response**:
OCSD employees are required to enter overtime hours in VTI according to the established Payroll Sign-In Sheet Coding Information. Typically overtime costs without a job code are associated with mandatory compensation payouts. In addition, management is required to review overtime coding prior to approving an employee's timesheet in VTI.

**Recommendation:**
III.3 Move Comp Payoff/Holiday Payout to a separate budget category to keep overtime hours within the control of the department.

**Response**:
This policy is determined by the Auditor-Controller's Office and therefore, any changes would require the approval of the Auditor-Controller.

**Recommendation:**
III.4 Fill vacant positions as soon as possible so that they do not require the use of overtime for shift replacements.

**Response**:
Due to the volatility in OCSD's Budget we continue to work with the CEO Budget Office on filing vacant positions. While we continue to strive to fill all of our vacant positions, impacts the County-wide hiring freeze as well as our extensive background process make this goal a challenging one to achieve.

**Recommendation:**
III.5 Consider negotiating for additional costs for the Orange County (OC) Fair and other multiday Special Events to cover some of their impact on regular shifts.

**Response**:
OCSD develops the costs for all special events including the OC Fair to ensure that all costs associated with the direct event are covered. We will always strive to minimize any collateral impacts that large special events have on the remainder of department operations.

**Recommendation:**
IV.1 Review the department's contracts, coding, and invoice practices for police service contracts and special events contracts to ensure that the revenue received covers the overtime charges for the cities and special events.

**Response**:
Contract services provided to cities by OCSD are billed based on a full cost recovery model. This cost model is reviewed by the Auditor-Controller to ensure that it is compliant with all county and general accounting policies. Additionally, OCSD's Law Enforcement Contracts Unit, reviews and reconciles billable OT on a monthly basis.

**Recommendation:**
IV.2 Add a line item for "Revenue for Special Events (Overtime)" in the County Budget documents to explain the cost recovery from contracted overtime events to provide special service to other agencies.

**Response**:
While there is not a separate line item for Special Events OT, we can and do track costs and revenues for special events with unique job codes. The decision to add a new budget line item lies with the CEO and the Auditor-Controller.

**Recommendation:**
IV.3 Reevaluate staffing needs by shifts in the custody facilities, maintaining flexibility for the scheduler to allow for minimum and maximum staffing levels. These evaluations should also include day and night shifts as well as inmate headcounts, etc.

**Response**:
There have been continual changes to Custody work schedules due to operational changes such as the implementation and cancellation of Federal Immigration Custody Enforcement program and now the Covid-19 Pandemic. OCSD has changed to the Platoon schedule of 12 hour shifts due to Covid-19. We continuously monitor work schedules and remain flexible in order to comply with the operational needs of the Department.

**Recommendation:**
V.1 Modify the department's Overtime Policy and the MOUs so that everyone in the department receives overtime pay based on hours worked, not hours paid.

**Response**:
OCSD is required to apply with the applicable adopted MOU contracts. As of February 8, 2010 AOCDS and as of July 31, 2009 OCEA employees were converted from hours paid to hours worked.

**Recommendation:**
V.2 Increase the use of civilians for department staff.

**Response**:
OCSD has several civilian classifications that work alongside sworn staff throughout the department. Additionally, OCSD continues to evaluate the use of both sworn and civilian staff to operate the department in the most efficient and cost effective matter.

**Recommendation:**
VI.1 Employees who appear in an Over 48 Hours of Overtime Report for non-emergency events in violation of the department's Overtime Policy, should be given a consequence for violation of the policy.

**Response**:
OCSD Executive staff review the Over 48 OT report each month and assign various levels of discipline when appropriate.

**Recommendation:**
VI.2 Those who have requested any time off in a pay period, should not be scheduled for shift replacements or special events unless others in the patrol unit have already turned down those overtime shifts.

**Response**:
OCSD has Sergeants assigned throughout the department that are responsible for scheduling coverage each day. We always strive to be more efficient in the operations of the department, and will look to implement this in areas that is feasible.

**Recommendation:**
VI.3 Allow more civilian staff to assist in providing overtime staffing for planned overtime special events, so that overtime costs are less costly to the department.

**Response**:
OCSD utilizes civilian staff for planned overtime and special events whenever possible to minimize overtime cost.

**Recommendation:**
VI.4 Scheduling Supervisors should review employee INTIME schedule and VTI for hours worked prior to approving shift replacements and planned overtime.

**Response**:
Scheduling Sergeants have the ability to review work schedules and also time worked in the INTIME scheduling system, however, they are limited to the viewing only their direct reports in the VTI system. For these reasons it is not always possible to make these determinations prior to approving overtime.

**Recommendation:**
VI.5 Allow employees to swap shifts in order to accommodate needed personal time off.

**Response**:
OCSD allows employees to swap shifts and we try to accommodate a swap whenever possible.

**Recommendation:**
VI.6 Replace the current scheduling system (INTIME and the payroll system (VTI) with an integrated scheduling and timekeeping system.

**Response**:
The County's current timekeeping system does not have an integrated scheduling component. They are currently looking at a new system and we are requesting that it contains an integrated scheduling system to help with the efficiency of our scheduling and timekeeping operations.

**Recommendation:**
VI.7 Increase flexibility in management of shift replacements.

**Response**:
OCSD continually looks to be more efficient and effective in the day to day operations of the department and will always strive to make this a priority.

**Recommendation:**
VI.8 Decrease the budgeted overtime hours per unit.

**Response**:
OCSD budgets overtime in dollars and not hours. Our mission is to provide excellent service to ensure safety to the communities and residents of Orange County. We are always reviewing overtime usage to make sure it is used in the most efficient and effective manner.

**June 2, 2020**

# Orange County Risk Management Services and Program Assessment

FINAL REPORT

SUBMITTED BY:
JEFF HOYE
JACK BLYSKAL
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## Table of Contents

# Executive Summary

CPS HR was contracted by the County of Orange County Executive Office (CEO)/Risk Management to provide an analysis of its compliance, effectiveness, and overall performance in context of the 2012 performance audit recommendations. This included an examination of current policies, insurance cost allocation and coverage, ADA compliance data, workers' compensation and litigation processes and reporting, and the perceived effectiveness of safety training, resources, and communications. Analyses reviewed current practices, data records, and County departmental stakeholder feedback and interactions. This report summarizes the findings in each functional area, identifying any outstanding audit recommendations, and outlining recommended changes to refine current processes and standards to meet industry specific best practices.

## Findings and Recommendations

CPS HR has laid out the findings below based on functional area, along with the correlating recommendations numbered below each set of findings. Expanded findings and recommendations are provided within the body of the report.

### 1.  Policy and Procedure Effectiveness

All 58 reviewed policies and guidelines met or exceeded industry standards, however 22 could be strengthened with notated recommendations. Policies should be reviewed on a more routine basis, revising as needed, as the reviewed policies were revised an average of 11.5 years ago, including 6 revised in the last 5 years, 15 revised in the last 5 to 10 years, and 30 revised over 10 years ago. Additionally, communication efforts with the Board of Supervisors met or exceeded the level of communication typically provided by other organizations.

*Audit Findings:*

The County-wide Risk Management policy was updated March 14, 2017 and determined to meet or exceed industry standards, fulfilling the first 2012 audit recommendation (Recommendation 1).

The 2012 audit indicated a need to identify and implement insurance certification software to allow departmental staff to verify proof of insurance from vendors (Recommendation 7). The County Procurement office piloted EBIX, a full-service program in 2014, but has since cancelled the contract and established an in-house program for departmental use. Risk Management staff provide advice on insurance limits but do not utilize this in-house program as they are not involved in the tracking of insurance. This recommendation is outside the scope of this Risk Management Program review.

#### Recommendations

1.  Establish a schedule to routinely review and update policies, if needed, to ensure compliance with current regulation and current events, avoiding long periods between reviews.

2.  Implement Recommended Policy Revisions – Review the recommended policy changes outlined within the report, focused on updating industry language, linking policies to performance measures, updating and re-issuing policies to staff to strengthen visibility, and ensuring roles are clearly defined at the appropriate level.

**3.** Risk Transfer/Contract Management/Insurance Requirements – County should evaluate increasing insurance requirement limits to $2 million for General Liability as the baseline standard to align with more proactive industry best practices. In the event that an across the board limits increase is not an option, it is highly recommended to review the types of agreements and increase the limits on contract types with the greatest risk, increasing limits for contracts exposures as needed.

**2. Americans with Disability Act (ADA) Compliance**

*Title I* – The Integrated Disability and Absence Management Program is an effective Return to Work program with records indicating all but one employee was able to return to work in their original or modified position. The procedures are consistent with the interactive process requirements of the American Disability and California Fair Employment and Housing Acts. Proposed revisions to the ADA/FEHA/FMLA/CRFRA compliance policy appear appropriate and in compliance with associated regulations indicating implementation with minimal revisions.

*Title II* – The current Coordinator is knowledgeable of Risk Management's (RM) role in ensuring ADA Title II compliance with a good grasp on the issues and plans to improve current processes and tools to be more user accessible. A review of the ADA Title II Transition Binder found it had not been updated since the early 2000's, but the Chart of Corrective Action for the latest ADA complaint had sufficient details on interim issues and corrective actions. The department currently documents calls and e-mails on a calendar, but a more detailed log is under development to track date, issue, and disposition. A review of forms indicated the current complaint and denial letters are appropriate, with a minor update, and the proposed Reasonable Accommodation and Request Review forms are under County review.

    **Recommendations**

      **1.** The Transition Plan Binder should be updated annually with current names and contact information as it is noted as the "Public Review Copy" and should list appropriate parties for the public to contact.

      **2.** A more structured issues log should be developed and implemented with the initiating date, raised issue, and resulting disposition to build a more comprehensive record that would allow for trend analysis over time.

      **3.** The draft Reasonable Accommodation and Request for Review forms currently under consideration should be implemented and used as precursor to an issue tracking log (Recommendation 2 above).

**3. Closing Project Analysis**

An external vendor was commissioned in April of 2007 to conduct a closing project to close out outstanding RM claims. Best practices indicate closing projects typically last from 3 to 12 months and occur infrequently based on a review of workload volume every 4 to 5 years. It is also best practice to predefine the scope of the project with the County and TPA setting the number of files, age and types of claims, and dollar amounts to provide guidance in ensuring vendor compliance. The reviewed closing project appears to be continual, spanning multiple years, with discrepancies in the understanding of

application referral criteria, TPA and vendor staff identifying inaccuracies in reported employment status causing inappropriate referral, TPA reported errors in vendor reports, and ambiguity on who is responsible for each type of case, resulting in duplicative efforts.

A financial review of TPA data indicated that the vendor closed 129 files over 30 months with an average expense of $3,157, while 138 open cases have accrued a higher average expense of $3,653 so far. Meanwhile, the TPA resource specialist and current RM Assistant Workers' Compensation Manager are capable of doing many of the tasks for less expense. These findings are consistent with an AON audit of the process.

Based on this analysis, the reviewed closing project does not align with best practices given the duration and the ambiguous inclusion criterion being utilized. Without having clear criteria and timelines, the current closing project does not exhibit financial practicality in terms of long-term budgeting.

### Recommendations

1. County RM should initiate a schedule for reviewing claim pending volume and closing ratio every 4 to 5 years to determine whether a special closing project should be implemented utilizing the best practices criterion outlined above.

2. Future closing projects should establish written criteria, with input from the TPA, outlining the case selection methodology including the number, age, and specific types of claims to be included, in addition to a reasonable timeframe to guide those completing the project.

3. The determination to use an external vendor for closing projects should incorporate a review of current staff capability and availability, the potential for redundant efforts, and a comparison of the financial expense of utilizing internal or TPA staff compared to an external vendor.

## 4. Workers' Compensation (WC) and General Liability (GL) Claims Processing

RM staff were praised by defense counsel and the Third-Party Administrator (TPA) for being responsive and knowledgeable but could expedite turnaround times if given more authority on smaller cases and by ensuring blind applications are complete with all required forms. An internal digitalization project is underway to expedite information sharing but is hindered by lack of support staff. A review of workers' compensation claims showed accurate reserving, appropriate payments and medical bill review, and efficient use of the utilization review. Overall, the WC program is working within industry standards and best practices and does not require any action to improve the program.

County Examiners have effectively utilized the Risk Management Information System (RMIS), accurately documenting government codes, liability determinations, litigation management, definition of issues, and claim status. With the implementation of RMIS, the Liability Claims program is a well-run and well-managed operation. RM has implemented many safeguards against fraud including a focus on the appropriateness of the medical diagnosis, sworn submissions under penalty of perjury, and the use of the discovery process to identify red flags. Overall, the fraud reporting protocols and deterrents in place minimize fraudulent activities are appropriate.

*Audit Findings:*

The implementation of RMIS fulfills the second part of the eighth recommendation from the 2012 audit, which required the development of a Liability system to track information, with the remainder of the recommendation addressed in part 8, "Loss Exposure Policy Effectiveness."

### Recommendations

1. County RM should consider budgeting a designated support position to assist with file scanning, in addition to other support functions like conducting document and subpoena requests, drafting department notices, filing support, tracking OCERS information requests, and death certificate notifications.

2. Obtain greater RM autonomy from Board to expedite WC settlement process in granting authority to defense Counsel. *It is noted that during the course of this project, RM addressed this situation and received an increase in authority from the Board of Supervisors from $75,000 to $150,000.*

3. Develop a quality control checklist or process to minimize missing information on submitted *5020s* with the claim application.

4. Review and adjust reserves to reflect indicated general liability settlements within RMIS on a timely basis based on current information.

## 5. Evaluation of Workers' Compensation Time Requirements

RM staff distributed their time across key functional areas, with the most time spent in WC claims, followed by Office Administration/clerical, and then Human Resource functions with less time spent in administrative and ad hoc responsibilities. Of note, Staff Specialists spend approximately a third of their time and the manager spends approximately a fifth of their time on office administration/clerical tasks, with the expectation that this will increase in response to the digitalization project. Additionally, Staff Specialists spend approximately 53.2 hours per year on the closure project but utilize temporary positions for an additional 126.8 hours due to staff time shortages.

Departmental representatives spent an average of 29.1 hours working independently and 7.3 hours per month working with RM staff on workers' compensation tasks. Overall, respondents were positive about the availability of County RM staff as experts, transition to email instead of the postal service for most communication, and the implementation of the wage statement template. In contrast, respondents identified a need for a countywide guideline, more training options – specifically in payroll and human resource related tasks, and better communication on what to expect, what is pending, and how decisions are made.

### Recommendations

1. The Risk Manager should consider a dedicated or shared support position to free up Staff Specialist and Program Manager time for more technical work (e.g., claims, settlements, subject matter guidance).

2. Assess if any of the WC Program Manager responsibilities can shift to Staff Specialists to free the WC Program Manager time for resolution specialist tasks, as discussed in the Closing Project Analysis.

3. Implement a proactive schedule of routine training refresher courses reaching out directly to each department to address the departmental liaison feedback that refresher courses to ensure familiarity with all current regulations and processes would be beneficial.

4. Facilitate training among HR, RM, and the departmental liaisons to address the departmental liaison feedback requesting training on the appropriate workers' compensation codes and payroll issues, such as restoration of benefits is also being requested.

**6. Cost Allocation Methodology Assessment**

The current cost allocation methodology meets or exceeds current industry standards and is compliant with State and County Agency loss allocation requirements based on a review of cost allocation policies, procedures, and historical cost allocation data reported in FY 04/05, 14/15, and 18/19. The use of a seven to ten year rolling history, for Workers' Compensation and General Liability, respectively is appropriate to ensure the inclusion of long-term claims. Calculations based on 70% of losses and 30% of department size has minimized steep curves for each department while maintaining consistent costing and contributions. The needed increase in funding over time reflects an increase in overall operational size and increase in losses across departments, which is consistent with industry development of Workers' Compensation claims and Actuary comments from their report. The current methodology meets standards.

### Recommendation

1. RM should continue using the current annual cost allocation methodology as it aligns with best practices to monitor the results and ensure the continued stability required by the County.

**7. Adequacy of Policy Limitations**

Based on a review of policy premiums, deductibles, and coverage amounts, the policy limits appear to be adequate, with retentions at a level the County has determined to be appropriate.

### Recommendations

1. The County should continue the current practice of reviewing policy levels to ensure adequate coverage with consideration to updated internal loss documentation as it aligns with industry best practices.

2. County brokers should continue the current practices of periodically reviewing available policies for purchase or through self-insurance to ensure the policy scope and coverage aligns with the most cost-effective option in a continually changing market. This periodic review, including a review of the private market, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), and potentially other JPA pools, reflects current use of industry best practices.

## 8. Loss Exposure Policy Effectiveness

The effectiveness of the general liability (GL) processes was assessed utilizing both RM and departmental feedback. Overall, the information being provided is sufficient to complete the general liability work activities, but an enhancement of the available information and clarity on the process would be beneficial. Current informational metric reports are useful to large departments but could be enhanced and globally shared with the inclusion of historical and trending liability sources, the financial impacts, and actionable recommendation to minimize or prevent departmental risks. Additional training opportunities to provide clarity on the metrics and how to utilize them in addition to explanation of the process, responsibilities, and factors considered when deciding on trial or settlement. Timely communication is key to preparing for the litigation process, with executive staff preferring to be notified via email at milestones. Meanwhile departmental staff work an average of 48.5 hours a month on GL activities, including 23.6 hours working collaboratively with RM staff.

*Audit Findings:*

The utilization of RMIS to define useful risk metrics and provide informational reports fulfills the first part of the eighth recommendation from the 2012 audit, with departmental staff indicating the report information is useful. This study provides recommendations to continue improvement through modifications to the reporting practice to align with best practices and to enhance the report utility.

### Recommendations

1. RM should work with the departments to identify the resources and information that would be useful to assist them in achieving a positive impact in reducing their losses.

2. Data in the Informational Metric Reports needs to be set in context within each department, including a section for overall industry trends, comparison to similar Orange County departments, or other county departments. Departmental liaison feedback identified a need for training to explain the impact of the provided data and how it could be utilized to improve their department specific loss reduction efforts.

3. Large program reports providing examples of specific risk exposures, in addition to the County Risk Management Annual Report providing the high-level broad analysis, should be available as references to smaller departments to assist in the development of preventative programs based on County trends where small departments do not have sufficient data for individualized reports.

**4.** RM should evaluate the current distribution of the informational metric reports and evaluate alternative sources of data and an expansion of the data provided. *It is noted that during the course of this project, the IT division was implementing department specific data dashboards. This is an appropriate course of action to provide an additional source of data and RM should finalize the dashboards and then assess the efficiency of them once departments have started utilizing them.*

**5.** RM should establish a training program to provide managers and executives with an understanding of current trends, historical summaries, and the financial impact to both departments and the County overall. This should be provided every two to three years, or when significant changes occur in liability trends.

**6.** RM should address the reported inconsistency in the level of department executive communication across the litigation process through the establishment of  a standardized schedule of communications, proactively identifying when and what information will be provided, and to whom, during the litigation process to ensure clear expectations of shared information and consistently provided communication.

**7.** RM should develop a training program for those persons participating in the litigation process explaining the details and issues surrounding investigation, claim analysis, testimony requirements and the process for determining settlement posture versus awaiting a verdict.

**9.  Safety Training Effectiveness**

Departments prioritize safety training, despite the low priority perceived by RM staff, but both acknowledge training is hindered by unclear safety standards. Line supervisors are typically involved in the selection, coordination, and feedback on training while County RM is mostly involved in selection and administration. Department safety representatives work with RM to identify safety requirements and address non-routine questions, but RM indicated the representatives often lack authority and specific department knowledge and training needs. Departments rated 30 current trainings as between somewhat effective and effective, with small departments identifying six as more than effective and large departments identifying six as less than somewhat effective. Overall, departments prefer internal trainers, followed by online training, and then external trainers, with training records mostly provided to RM upon request.

It was clear there were procedures in place to report unsafe working conditions, with departments indicating supervisors were held accountable through reporting and correcting the issue and providing the appropriate tools and guidelines to staff. RM indicated supervisors should also be attending regular training and conducting root cause analyses but are also in the process of creating job safety analyses to better educate employees to avoid injury.

Overall, open feedback identified a desire for a guide identifying general and classification specific training, with more class time options offered and the implementation of a knowledge check to ensure the knowledge has been obtained. It would also be beneficial to have a catalog of available trainings and subject matter experts and an assigned safety training officer to customize department specific training.

Acknowledging the heightened need for safety due to COVID-19 pandemic, it is noted that these recommendations are intended to be addressed after the pandemic has been eradicated and normal operations have resumed.

### Recommendations

1. Departmental management and supervisory staff should build a defined "safety culture", elevating the recognition of safety and importance to the County and enhancing the current perception of safety.

2. County RM should revisit and align delivery methods with preferred providers per course type, utilizing the survey data as a guide.

3. County RM should review the effectiveness ratings for each course, initially targeting those courses that were perceived as less than somewhat effective including courses on Intruder/Active Shooter Safety, Lock-out/Tag-out, Confined Space Entry, Job Safety Analysis, Welding Safety, and Portable Extinguisher Training.

4. Recommend the County Office of Risk Management evaluate options for and implement a County Wide electronic training record keeping system to allow RM to review and identify departments not meeting acceptable standards. A mandate by the Board of Supervisors to require all departments that are subject to County funding be required to comply with the reporting tracking system.

5. Develop a county-wide training schedule, posting it in a common area and following up with departments to ensure all are aware of the available trainings.

6. Follow up with each department on a quarterly basis to assess if there are any additional trainings needed to meet departmental requirements.

7. Incorporate cross-departmental trainings on shared concepts (e.g., Job Safety Analyses, Emergency Action Plans, public accidents) to allow better understanding of cross-departmental operations. This shared understanding of exposures increases perception and awareness, impacting other departments and can influence a pro-active culture committed to safety and risk reduction.

8. The alignment of key indicators, service delivery, and expectations between County RM and the serviced departments should be assessed every three years through customer satisfaction surveys to identify areas that are doing well and areas that could be improved.

# Introduction

The County of Orange County Executive Office (CEO)/Risk Management entered into an agreement with CPS HR Consulting (CPS HR) in June 2019, to review the performance of CEO/Risk Management (RM), in context of selected recommendations and program improvements identified during a 2012 performance audit. This study focuses on an assessment of current RM policies, insurance coverage and cost allocation, ADA compliance data, workers' compensation and litigation processes and reporting, and the perceived effectiveness of safety training, resources, and communications. Each studied area was analyzed through a review of existing documentation, data, and/or feedback from both RM and Departmental liaison staff. This report presents the results of these analyses, providing a summary of findings in each assessed area and recommendations to guide RM in meeting industry best practices.

## Scope of Work

The CPS HR scope of work to conduct the County of Orange RM performance review included completion of the following tasks and deliverables, with documented findings and recommendations.

1. **Policy and Procedure Effectiveness:** Review clarity, revision timelines, and alignment of current policies and procedures with best practices and current law.

2. **Americans with Disability Act Compliance:** Review of the implementation of developed corrective action plans to determine effectiveness in meeting Title II of the Americans with Disability Act.

3. **Closing Project Analysis:** Review and comparison of the Closing Project criterion, billing, and claims handing against industry best practices.

4. **Workers' Compensation and General Liability Claims Processing:** Determining the adequacy of insurance coverage for loss runs, workers' compensation and liability claims, and litigation processes, benchmarking the program's performance with industry peers.

5. **Evaluation of Workers' Compensation Time Requirements:** Identification of time spent by County RM staff in each work area compared to the time spent by departmental liaisons on workers' compensation tasks. Assessment of the current effectiveness of workers' compensation procedures from both RM and departmental perspectives.

6. **Cost Allocation Methodology Assessment:** Review the current and historical cost allocation methodologies in relation to litigation loss runs to assess effectiveness/impact on departmental loss experiences.

7. **Adequacy of Policy Limitations:** Comparison of current insurance policies to loss exposure documentation to determine adequacy of policy limits.

8. **Loss Exposure Policy Effectiveness:** Assess the current Loss Exposure/Liability claim communication frequency, procedure clarity, and information usefulness from the perspective of both County RM staff and departmental liaisons assigned to these tasks.

9. **Safety Training Effectiveness:** Assess the perceived effectiveness and importance of the current available safety training, resources, and communication from the perspective of both County RM staff and departmental liaisons assigned to related tasks.

## County of Orange Risk Management Background

The County of Orange Risk Management (RM) consists of five units dedicated to preserving and protecting County human and capital assets to assist County departments in fulfilling their missions without unnecessary cost. This includes the following working units:

- **Administrative, Insurance Procurement, and Financial Management**: Responsible for the development of strategic plans and annual budgets, revenue management, purchasing commercial insurance policies to protect County assets, and supporting departmental purchasing and real estate staff.

- **Liability Claims Management**: Responsible for in-house adjustment of all liability claims against the County, litigation management and financial recovery, and contractor management for legal or investigative services and aviation adjustments.

- **Workers' Compensation Management:** Responsible for provision of state mandated benefits to injured employees, coordination of benefits among departments, oversight of private claims management contract, and evaluation of submitted information related to anti-fraud and loss prevention efforts.

- **Safety and Loss Prevention**: Responsible for ensuring a safe environment for staff and visitors, providing specific safety trainings to County employees, training departmental safety representatives to assist in maintaining standards, developing policies, and training materials, and providing corporate safety oversight.

- **Integrated Disability and Absence Management:** Responsible for providing oversight to departmental implementation of programs in support of American with Disabilities Act (ADA) compliance including the interactive process, designating an ADA Coordinator to each department to address complaints or recommendations, managing leave of absence and return to work processes.

To increase transparency of the operations of CEO/RM, the Board of Supervisors initiated a performance audit to provide a comprehensive assessment of RM Operations in 2012. This audit resulted in 26 recommendations for process improvement or movement towards best practice. This included updating existing policies and manuals, automating or streamlining processes, implementing a tracking system and providing data driven reports to better manage risks, and increasing the collaborative efforts to help departments be more proactive in managing risks.

In 2014, a follow-up to the audit was conducted to assess the implementation of the recommendations. CEO/RM had completed/closed 23 of the 26 recommendations. Significant improvement was noted in:

- Development and revision of policies.

- Implementation of new information systems to increase automation and improve risk analysis capabilities.

- Increase in contractor oversight with incentives and penalties for third party contracts.

- Retention of a County Legal Defense Panel with 5-year terms; and

- An increase in the County-wide coordination of information including quarterly newsletters and the provision of training opportunities.

The 2014 follow-up found the remaining three recommendations were in progress with the intent to complete them within 12 months. The remaining recommendations included:

- Updating the County RM policy with consideration to the other recommendations

- Improve RM through the development of a new system to facilitate collection of useful metrics, analysis, and summarization for departments; and

- Implementing insurance certification software to track and verify proof of insurance.

## Purpose

The purpose of this report is to provide an analysis of the County of Orange Risk Management program's compliance, effectiveness, and overall performance in context of the 2012 audit recommendations. This analysis evaluates Risk Management functions and processes, identifying the status of the audit recommendations that were in progress at the time of the 2014 audit follow-up review, and provides recommendations to refine processes and standards to meet industry specific best practices. This includes a review of past audit findings, current policies and information, and current practices and interaction with other Orange County departments.

## Methodologies

The analysis of the current RM performance incorporated multiple methodologies, as outlined herein, with the specific methodologies utilized identified within each defined deliverable.

### Subject Matter Expert Collaboration

CPS HR Consulting provided a high-level view of the project to the Director of Risk Management and managers in July 2019, identifying key subject matter experts (SME) in each work area. Subsequent interviews with the individual managers were conducted to obtain a comprehensive understanding of each area's workload, current work processes, and any recent changes to the processes. Additionally, CPS HR requested background information, including historical workload metrics and financial impacts where applicable, and system access to review information where needed. SMEs were consulted to provide clarifying information in their respective areas to ensure accurate understanding of the data.

### Document Review

CPS HR conducted a document review to assess comprehensiveness and coverage of all relevant areas, timeliness of review/revision, clarity, and reflectiveness of current best practices within each functional mission-based work area. This included a review of the following:

- Current County Risk Management policies and procedures

- Safety and Loss Prevention Manual (encompassing many of the Safety guidelines/policies)

- Documentation of the commitments and corrective action plans to meet the County's 2010 transition plan to comply with the Title II Americans with Disabilities Act.

### Historical Performance Metric Data Review

Quantitative performance metrics were requested to conduct trend analyses on the frequency of claims and the financial impact to the County overall and to the Departments. Additionally, performance metrics were reviewed in context of current practices to assess alignment with best practices for relevant key deliverables. The collected information included the following:

- Loss run, workers' compensation Return-to Work and Alternative Dispute Resolution data, liability claims and litigation metrics, and closing project criteria, billing, and feasibility were collected from County Risk Management and the County's third-party administrator.

- Current loss exposure policies were compared to reported loss exposures to evaluate limits.

- Workers' Compensation and General Liability cost allocation data from FY 09-10, FY 14-15, and FY 19-20 was reviewed to assess the allocation methodology and impact on loss experience.

## Departmental and Risk Management Staff Feedback

Four of the designated deliverables relied on feedback from specific County Risk Management and/or departmental liaison staff. For each deliverable, surveys or data gathering tables were developed and deployed to the targeted staff. County Risk Management identified departmental liaisons who would be knowledgeable of loss exposure, safety training effectiveness, and Workers' Compensation practices.

Each group was sent a customized survey targeting their area of expertise via a confidential link using the online surveying tool, Survey Gizmo. Each group was given two to three weeks to respond, with automatic reminders sent to those who had not responded twice during the survey collection period. Additionally, the list of liaisons received a follow up e-mail by CPS HR to verify the links had been received, and an executive sponsored letter encouraging responses from County Risk Management.

In addition to departmental feedback, County Risk Management staff responsible for Loss Exposure/Litigation and/or Safety Training provided feedback from their perspective via an online survey. This survey was open for about two weeks with staff receiving reminders from Survey Gizmo, a follow-up e-mail from CPS HR, and encouragement from County Risk Management Executive staff.

Each of the online surveys contained scaled items with standardized response options and opportunities to provide open feedback on what was currently working or not working in the current processes. In order to encourage candid feedback, all responses were confidential with only aggregated summaries provided to County Risk Management.

Additionally, County Risk Management staff responsible for Workers' Compensation completed a workload summary table documenting the percentage of time spent in administrative tasks, human resource functions, workers' compensation claims, and ad hoc/miscellaneous work tasks. The work task areas were predefined by CPS HR Consulting based on a review of duty statements, work process documentation, and discussion with the SME.

## Constraints and Data Qualifications

CPS relied on information received from County Risk Management staff and departmental liaisons. The feedback surveys and subsequent conclusions were based on a limited number of responses due to lower response rates. The ability to follow up with further interviews and onsite document review was also impacted by a state-wide "Stay-at-Home" initiative in response to the COVID-19 pandemic. The CPS HR team was also impacted by internal turnover; however, measures were taken to identify equivalent expertise and minimize impact to the overall timeline.

# Organizational Findings and Recommendations

## 1. Policy and Procedure Effectiveness

CPS HR Consulting reviewed each identified and provided Orange County Risk Management policy or procedure to identify if it met current compliance expectations. The intent of this review was to determine if the County maintained a comprehensive set of policies and procedures to provide guidance in clear language that was practical to implement in all the departmental programs. Recommendations were provided within context of current best practices to provide clarity, increase efficiency, and/or improve operations.

### Findings

CPS HR reviewed 55 policy/procedures and 3 additional guidelines (Claim Settlement Authority levels, Risk Transfer/Contract Insurance Requirements, and TPA Performance Incentives). Of the 58 reviewed documents, 62.1% met or exceeded industry standards and best practices with the remaining 37.9% meeting standards but had corresponding recommendations for improvement. Those that meet or exceed standards currently align with industry standards and best practices, with little to no change required to the content tied to industry knowledge. Those that meet with recommendations currently meet the industry standards but could be updated to reflect current terminology or be enhanced to provide more clear comprehensive coverage.

The development and revision dates on each of the policies was also reviewed to determine if the policies were current and being updated in a timely manner. Overall, 51 of the policies had associated established and/or revision dates, with the last update ranging from 5/22/62 through 5/8/19, including ten (19.6%) being revised 1/28/09 to 1/29/09. On average, policies were last reviewed approximately 11.5 years ago. It is recommended that policies be reviewed and revised at least once every ten years to ensure continued compliance with current standards and current events. Each of the reviewed policies and guidelines were identified as being current (last updated within last 5 years), review soon (last updated 5 to 10 years ago), and overdue for review (updated 10 or more years ago). Of the 51 with dates, 11.8% were considered current, 29.4% were due soon, and 58.8% were overdue for review.

The following graph, Figure 1 below, identifies the number of current, due soon, and overdue policies by recommendation status, but does not include those with no date. The full list of policies reviewed, last revision date, and current status in accordance with industry standards is located in Appendix A. The largest number of policies are overdue for review, but currently meet or exceed standards indicating the revision may not need much adjustment. Meanwhile, those categorized as meeting standards with recommendations may require more revision to implement recommended changes in addition to verifying alignment with current compliance and regulatory standards.

*Figure 1. Summary of Policy Revision Timelines and Applicability to Standards*
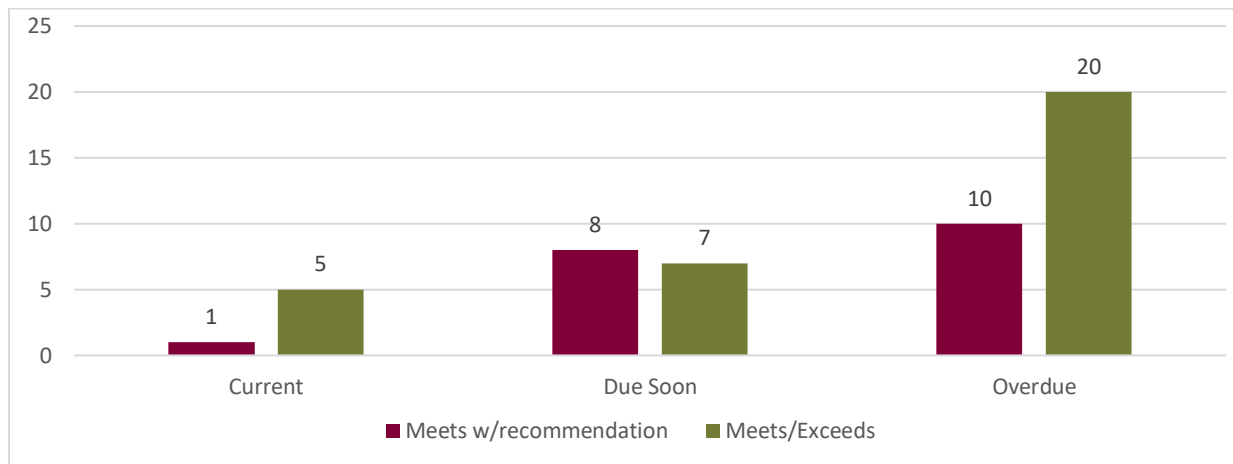


In addition to the policies and guidelines discussed above, a series of communication documents were provided and reviewed, including a sample of the quarterly newsletter, County RM report, employee newsletters, confidential communications to Board of Supervisors, CEO RM performance metrics and other assorted documents. Overall, these documents indicate County RM is effectively communicating with departments and the Board of Supervisors. The data provided to Departments is well organized and critical for effective Risk Management. It also appears that the communication efforts with the Board of Supervisors meets and or exceeds the level of communication provided by other organizations and should be continued.

The first audit recommendation identified a need to update the existing County-wide Risk Management policy. This recommendation was still in progress as of the 2014 audit follow-up, with the plan to submit an updated draft to the Board of Supervisors and CEO office by December 2014. This policy was updated March 14, 2017 and determined to meet or exceed industry standards, fulfilling the audit recommendation.

The seventh audit recommendation identified a procedural improvement to identify and implement insurance certification software or methodology to allow departmental staff to verify proof of insurance from vendors with multiple County contracts. During the 2014 audit follow-up, the County Procurement office was piloting a contracted full-service program, EBIX, however has since cancelled the contract and established an in-house program for departmental use. Risk Management staff do not utilize this program as they are not involved in the tracking of insurance but do provide advice on insurance limits pre-contract when there are variances. This audit recommendation is outside the scope of this Risk Management Program review.

CPS HR also evaluated the insurance requirement limits for General Liability. The current industry limit requirements have been in place for more than thirty years. Industry practices are showing that agencies looking to be more proactive in minimizing risk are increasing the insurance requirement limits to $2 million per occurrence and to $4 million aggregate limits. These agencies acknowledge the potential for increase in cost of services however they understand the raised limits allow for a more effective transfer of risk to their vendors and an enhanced reduction to their exposure to risk.

## Recommendations

The reviewed policies all met industry standards with recommendations focused on updating industry language, linking policies to performance measures, updating and re-issuing policies to staff to strengthen visibility, and ensuring roles are clearly defined at the appropriate level.

1. Establish a schedule to routinely review and update policies, if needed, to ensure compliance with current regulation and current events, avoiding long periods between reviews.
2. **Policy #101: Injury and Illness Protection** – County Executives should review the responsibility allocated to Department heads; build in safety as a measurable criterion for performance review to enhance safety visibility and buy in from top management.
3. **Policy #103: Confined Space Entry** - Annual training required including documenting frequency per employee, with recommended annual review by CEO/RM to confirm compliance.
4. **Policy #104: Emergency Action Plan –** Establish a comprehensive policy that adds Active Shooter, Wildland Fires, Floods, and Workplace Violence.
5. **Policy #106: Hazard Communication** – Change Material Safety Data Sheets (MSDS) to Safety Data Sheets (SDS); Update policy to confirm compliance with current standards.
6. **Policy #107: Hearing Conservation and Noise Control –** Update policy to bring current, re-issue policy to strengthen visibility and enhance full compliance.
7. **Policy #108: Lock out Tag Out** – Clarify policy to identify how and who within RM reviews compliance.
8. **Policy #109: Respiratory protection program** - Change terminology of Forest Fires to Wildland Fires
9. **Policy #201: Establishing Loss Prevention and Safety Policy** – Update policy to bring current, re-issue policy to strengthen visibility and enhance full compliance.
10. **Policy #301: Safety Responsibilities – Agency/Dept. Heads** - County should evaluate Senior Management review of the authority. Improving workplace should be include within Department Head evaluation process.
11. **Policy #303: Safety Responsibilities – All Employees** – Routinely re-issue/distribute to remind employees of current policy, importance of reporting hazards.
12. **Policy #305: County Safety Office Responsibilities** – Review the business practice, clarify whether Safety Professionals or Department Heads are responsible for confirming other policies comply with existing safety policy to eliminate perceived duplicative role and complication in ensuring compliance.
13. **Policy #306: Contractor Safety Responsibilities** – Add a requirement for contractors to provide evidence of an approved or adopted IIPP that complies with the County program when working on County property.
14. **Policy #401: Accident/Incident Investigations –** Implement a random review of records to enhance supervisor training on accident investigation.
15. **Policy #402: Hazard Control/Safety Inspections – a)** Adopt a requirement requiring Safety inspections to be documented with program compliance being included in the evaluation of Department funding. **b)** Evaluate options to implement County-wide system for documenting all conducted safety related trainings, with County RM reviewing compliance and issuing annual compliance metric reports.
16. **Policy #405: Job Safety Analysis** – Develop a county-wide joint effort between Department and Safety staff for implementing JSAs into identifying safety training requirements for all employees, updating routinely to incorporate new exposures that have entered the workplace.

17. **Policy #601 Safety Communication** - Deploy a county-wide broadcast to all employees to educate them on the county-wide safety hotline to report unsafe conditions.
18. **Policy #703: General Safety Rules, General Safe Work Procedures** - Update the format of all safety policies for online accessibility/searchability by employees, department supervisors, and management.
19. **Policy #802: Aerosol Transmissible Diseases (ATD) Policy** – Shorten policy, simplifying the language to be understood by those without a Health care background. Ensure that program be updated for current COVID-19 Pandemic (Current responsibility of the Health Care Agency).
20. **Policy #901**: **Forklift, Industrial Truck Operating Rules –** Create a formal County established policy aligning with Cal OSHA standards currently utilized to align with County established protocols.
21. **Risk Transfer/Contract Management/Insurance Requirements** – County should evaluate increasing insurance requirement limits to $2 million for General Liability as the baseline standard to align with more proactive industry best practices. In the event that an across the board limits increase is not an option, it is highly recommended to review the types of agreements and increase the limits on contract types with the greatest risk, increasing limits for contracts exposures as needed.

## 2. Americans with Disability Act (ADA) Compliance

CPS HR evaluated the County RM ADA Title I and Title II policies for compliance with regulatory guidelines and the effectiveness of current documentation to meet the County's 2010 Transition plan for meeting Title II.

### Findings
**Title I:**

CPS HR discussed the current Integrated Disability and Absence Management (IDAM) Program with the program manager, in addition to reviewing a spreadsheet outlining current staff with restrictions, classified by department and disposition. The IDAM Manager indicated the County processes employees who are unable to do prior jobs as disability retirements through the Orange County Employees Retirement System (OCERS). However, if OCERS denies the status, the County works to incorporate them into a transitional or modified position in their original department, or if needed in another County department. A couple of employees have been accommodated in departments other than their original position, and one was accommodated in her own department. Apart from one case, all employees were able to return to work in their original or a modified position, demonstrating an effective Return to Work program.

■ These procedures are consistent with requirements under the interactive process as required by the ADA and the California Fair Employment and Housing Act (FEHA).

CPS HR also reviewed a proposed policy revision to the ADA/FEHA/Family Medical Leave Act (FMLA)/California Family Rights Act (CFRA) compliance policy, which focused on the California FEHA and CFRA compliance which are broader and encompass the Federal statute requirements.

■ The proposed revisions appear to be appropriate and in compliance with the associated regulations with indications this policy will be implemented with minimal revisions.

**Title II:**

CPS HR met with the County ADA Coordinator for Title II, who provided an Americans with Disabilities Act, Title II Transition Plan outlining departmental ADA actions including the issue and anticipated resolution. However, the binder has not been updated since the early 2000's with the contacts last updated as of 2000 and the last entry being in 2003.

The Coordinator provided a Chart of Corrective Action for the singular ADA complaint received during the last year, encompassing her time in the position, which provided a thorough description of interim issues and corrective actions. The only other documentation was a desk calendar noting when calls or e-mails were received. A more detailed data log documenting the date, issue, and disposition of the calls or e-mails is under development but did not exist at the time of this evaluation.

CPS HR also reviewed the current complaint letter and denial letter, noting that the former needs to update the address for the Coordinator, but the latter is appropriate. In addition to existing forms, CPS HR reviewed draft copies of a Reasonable Accommodation request and a Request Review Form which document raised issues, steps considered and implemented, and request outcome. These forms are currently under consideration for use in the County.

- ■ Overall, the Coordinator is knowledgeable of RM's role in ensuring ADA Title II compliance, with a good grasp on the issues, utilizing the two available attorneys in a consultative capacity when a path to resolution is unclear. Additionally, the Coordinator has plans in place to proceed to improve current processes and tools to be more user accessible.

## Recommendations

1.  The Transition Plan Binder should be updated annually with current names and contact information as it is noted as the "Public Review Copy" and should list appropriate parties for the public to contact.

2.  A more structured issues log should be developed and implemented with the initiating date, raised issue, and resulting disposition to build a more comprehensive record that would allow for trend analysis over time.

3.  The draft Reasonable Accommodation and Request for Review forms currently under consideration should be implemented and used as precursor to an issue tracking log (Recommendation 2 above).

## 3. Closing Project Analysis

CPS HR conducted a three-pronged audit of the Closing Project to assess conformance with best practices with consideration to closing project criteria, claims processing, and the efficiency of utilizing an outside vendor. This included interviews with appropriate parties, an audit of open and recently closed (within last 18 months) files, and an analysis of the cost data and metrics on open and closed files. Additionally, CPS HR reviewed the results of an independent audit of the Closing Project conducted by AON in March 2019.

## Findings

Findings were summarized and compared to industry best practices based on interviews with two large California public entity Risk Pooling JPAs, and one large TPA who specializes in public entities in addition to the CPS HR Consultant's related work experience in claims management.

An external vendor was commissioned in April of 2007 to conduct a closing project to close out outstanding RM claims. Best practices indicate closing projects are typically short term, lasting from 3 to 12 months, used to reduce TPA caseloads or catch up on a backlog, control litigation costs, and reduce future organizational liabilities. Additionally, best practices indicate closing projects should be done on an infrequent basis. County RM should review performance and workload volume every 4 to 5 years to determine if there is a need for a closing project. Indicators of need would include increasing case load and/or closing ratios below 95%, without an unusual event providing an explanation for same. If closing ratios remain near 100% and caseloads are not increasing beyond a reasonable deviation a special project would not be indicated. The current closing project appears to be continual, spanning multiple years, with a previous audit by AON indicating the TPA staff's description of the project was open-ended without a timeframe or written program description.

Claim cases are forwarded to the closing project team for expedited processing based on preset criteria. Best practices dictate that included claims be identified by criterion established by the County and TPA as the client holding the initial claims. This criterion should include the number of files, age of claims, types of claims, and dollar amounts to control the scope of the closing project and to provide guidance in ensuring vendor compliance.

Findings revealed a discrepancy in the understandings of the application referral criteria, with TPA and vendor staff identifying errors in the employment status causing inappropriate referral, TPA staff reporting errors in vendor reports, and ambiguity on who should be responsible for each type of case to avoid duplicative efforts within the reviewed closing project. This included the referral of cases that were still under active litigation or that could be closed administratively, resulting in unnecessary review and expense by the vendor. This is consistent with AON audit findings that active employee and previously closed cases were being referred inappropriately to the project, especially given that the TPA resource specialist can conduct the same tasks for less expense. Further review of the process identified duplicative efforts between the TPA, vendor, and defense counsel through required follow-ups to clarify data, obtain answers to questions, and the completion of additional paperwork, resulting in additional costs to the County.

Additionally, the movement of cases from the TPA closing manager and panel defense firms to the vendor creates negative morale given that the TPA resource specialist and current RM Assistant Workers' Compensation Manager are capable of doing many of the tasks at less cost. A financial review of TPA data indicated that the vendor closed 129 files over 30 months with an average expense of $3,157, while 138 open cases have accrued a higher average expense of $3,653 so far. This feedback is provided for consideration and future examination, but has not been independently verified by CPS HR.

Based on this analysis, the reviewed closing project does not align with best practices given the duration and the ambiguous inclusion criterion being utilized. Without having clear criteria and timelines, the current closing project does not exhibit financial practicality in terms of long-term budgeting.

## Recommendations

1. County RM should initiate a schedule for reviewing claim pending volume and closing ratio every 4 to 5 years to determine whether a special closing project should be implemented utilizing the best practices criterion outlined above.

2. Future closing projects should establish written criteria, with input from the TPA, outlining the case selection methodology including the number, age, and specific types of claims to be included, in addition to a reasonable timeframe to guide those completing the project.

3. The determination to use an external vendor for closing projects should incorporate a review of current staff capability and availability, the potential for redundant efforts, and a comparison of the financial expense of utilizing internal or TPA staff compared to an external vendor.

# 4. Workers' Compensation and Liability Claims Processing

CPS HR reviewed the effectiveness of workers' compensation and general liability claim processes, including collaboration in the process, appropriate documentation of claim information, and an assessment of the fraud prevention processes.

## Findings

**Workers' Compensation**

CPS HR reviewed the efficiency of the Workers' Compensation process through a review of 20 workers' compensation claim files and interviews with the Workers' Compensation manager, six defense Counsel staff, and the program manager, three unit managers, and three examiners from the County's Third-Party Administrator (TPA).

Discussion with the Workers' Compensation manager identified an effort to digitalize files, retaining notes, and running metrics to make the information more accessible. This effort is hindered by the lack of support staff, resulting in the manager spending time on clerical level work. The implementation of scanned files instead of the current manual process would result in increased efficiency and sharing of information with the TPA and/or defense counsel.

Defense Counsel interviews indicated that the County RM and TPA were some of their better collaborators due to staff being accessible, responsive, and knowledgeable. Counsel indicated authority is provided within a reasonable turnaround time but could be improved if RM had more autonomy to short-cut authority requests to the Board on smaller cases or returning to quarterly instead of semi-annual reviews.

TPA staff interviews complimented County RM on their responsiveness, thoroughness of initial claim submissions, and ability to get Stipulation (STIP) if still employed, or Compromise and Release (C&R) settlements if separated. TPA staff also indicated delays due to blind applications missing the *5020* form that initiates the claim or receiving the *5020* but missing additional required forms. Specific departmental challenges include off-hour shifts and problems getting data from the Sheriff's department and slower response times from the Health Care Agency.

The review of the 20 workers' compensation files demonstrated accurate reserving, appropriate initial payments, appropriate medical bill review, and efficient use of the utilization review. Consultant found no issues that need any action to improve this program, either at the County or with the TPA.

**General Liability**
The Risk Management Information System (RMIS) was developed to automate the General Liability process and provide better analytical data for reporting in response to the 2012 audit findings. CPS HR evaluated the efficiency of the General Liability process through an audit of 15 open and 16 closed claims in RMIS.

The audit demonstrated effective use of RMIS by the County Examiners with good recognition of Government codes, liability determination, litigation management, and excellent documentation of the issues and claim status. A couple files did not have reserves adjusted to reflect the indicated settlement value; however, most files did have appropriate reserves present. This may be due to timing issues rather than lack of awareness (i.e., the reserves had just not been raised yet).

Overall, with the implementation of RMIS, the Liability Claims program is a well-run, and well-managed operation. The implementation of RMIS fulfills the second part of the eighth audit recommendation, which was still in progress at the time of the 2014 audit follow-up[1].

**Fraud Investigation Process:**
CPS HR reviewed the fraud investigation and assessment process to assess the potential for fraud within the Workers' Compensation claims process. The department has many safeguards against fraud from claimants, attorneys, and/or doctors. Workers' compensation investigations focus on the appropriateness of medical diagnosis with respect to physical damages and described injury. Government claims must be submitted in a sworn fashion under penalty of perjury, which strengthens protection against fraud, especially as penalties for fraud would be stronger than in general civil service claims. General Liability uses the discovery process in litigation to determine whether there are red flags that need to be considered as to any potential fraud. Also reviewed are professional claimants and attorney/doctor rings involved in County claims.

Overall, the fraud reporting protocols and deterrents in place to minimize fraudulent activities are appropriate.

## Recommendations

1. County RM should consider budgeting a designated support position to assist with file scanning, in addition to other support functions like conducting document and subpoena requests, drafting department notices, filing support, tracking OCERS information requests, and death certificate notifications.

2. Obtain greater RM autonomy from Board to expedite WC settlement process in granting authority to defense Counsel. *It is noted that during the course of this project, RM addressed this situation, receiving an increase in authority from the Board of Supervisors from $75K to $150K.*

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[1] Recommendation 8: a) Identify useful metrics to collect and analyze, b) develop a new liability claims information system, and c) develop risk analysis capability for the County.

3. Develop a quality control checklist or process to minimize missing information on submitted *5020s* with the claim application.

4. Review and adjust reserves to reflect indicated general liability settlements within RMIS on a timely basis based on current information.

# 5. Evaluation of Workers' Compensation Time Requirements

CPS HR evaluated the time required on workers' compensation using a two-pronged approach. The first assessed the time requirements of County RM staff, summarizing the current utilization of time and any undone work due to lack of resources. The second assessed the current Workers' Compensation procedures and operations along with the time requirements of departmental liaisons to complete related work tasks.

## Findings

**County Risk Management Time:**

The four County RM Workers' Compensation staff provided estimations of percentage of time spent in a series of 36 standardized work task areas, developed through discussion with subject matter experts and review of related procedures, policies, and job descriptions. Staff also identified the number of additional hours required to complete any work not being done within the standardized areas.

Overall, the time was distributed amongst key functions, as summarized in Table 1 below, with the following key findings:

- Staff specialists spend approximately a third of their time on office administration/clerical functions, equivalent to 1,212 hours across the two positions, and the Program Manager spends just over a fifth of time, equivalent to 398 hours a year, on similar tasks. This time requirement is expected to increase as the files become digitalized for easier access and sharing.

- Only 1.5% of Staff Specialist time, equivalent to approximately 53.2 hours across the two positions, is spent on the closure project, but staff indicated an additional 126.8 hours is required and is currently being covered by temporary positions.

*Table 1. Time Distributed Amongst Key Functions*

| | Staff Spec. (x2 FTE) | Asst. Mgr. | Prog. Mgr. |
|---|---|---|---|
| **Administrative/General Work Tasks** – breaks, administrative paperwork, supervision, program management. | 1% | 12% | 20% |
| **Office Administration** – customer support, mail, filing, copying, program meetings | 33.5% | 10% | 22% |
| **Human Resource Functions** – liaison support, payroll, new hire training, wage statement logs | 26.6% | 10% | 5% |
| **Workers' Compensation Claims** – set-up; reviewing claims, authorization requests, verifying information, meeting with claimants, reviewing C&R settlements, claim resolution, reporting | 37.4% | 44% | 22% |
| **Ad Hoc Responsibilities** – Closure project, settlements review, ergonomic requests, subpoena response, death notifications, metrics, and ad hoc meetings | 1.5% | 16% | 14% |
| **Administrative** – reserve change files, Board of Supervisor meetings, review legal mail | 0% | 8% | 17% |

**Departmental Liaison Feedback:**
A feedback survey was designed and deployed to a list of 29 departmental liaisons, of which 16 provided feedback, however one response was removed as invalid data. The full results of the survey are available in Appendix B, with the following key findings:

- Departmental liaisons spent an average of 29.1 hours per month working independently and 7.3 hours a month working collaboratively with County RM on workers' compensation tasks.

- Departments found County RM responsive and knowledgeable as subject matter experts but were less clear on the availability of clear processes and guidelines outlining potential fraud sources and methods to manage risks with all respondents indicating a refresher course would be beneficial.

- Overall, two-thirds of respondents indicated processes were effective; however, two of the three departments with less than 15 staff and both departments who process 6 to 10 claims per month indicated the processes were ineffective.

Overall, respondents were positive about the availability of County RM staff as experts, transition to email instead of pony mail for most communication, and the implementation of the wage statement template. In contrast, respondents identified a need for a countywide guideline, more training options – specifically in payroll and human resource related tasks, and better communication on what to expect, what is pending, and how decisions are made.

## Recommendations

1. As mentioned in the prior section, the Risk Manager should consider a dedicated or shared support position to free up Staff Specialist and Program Manager time for more technical work (e.g., claims, settlements, subject matter guidance).

2. Assess if any of the WC Program Manager responsibilities can shift to Staff Specialists to free the WC Program Manager time for resolution specialist tasks, as discussed in the Closing Project Analysis.

3. Implement a proactive schedule of routine training refresher courses reaching out directly to each department to address the departmental liaison feedback that refresher courses to ensure familiarity with all current regulations and processes would be beneficial.

4. Facilitate training among HR, RM, and the departmental liaisons to address the departmental liaison feedback requesting training on the appropriate workers' compensation codes and payroll issues, such as restoration of benefits is also being requested.

## 6. Cost Allocation Methodology Assessment

CPS HR evaluated the effectiveness of the County of Orange's methodology for allocating premiums to County Departments as it applies to Workers' Compensation and General Liability/Auto Liability (Tort Exposure) funding. The evaluation did not review the philosophies associated with other lines of business (e.g., property, earthquake), which are typically a direct transfer of risk to an insurer and based on Tennant Improvement Values rather than driven by the exposures as presented by the departments.

## Findings

Department allocations are determined using the operational size of the department based on number of full-time equivalent staff and the paid losses for seven years prior to the reported year for Workers' Compensation and ten years prior for General Liability. The use of a seven- and ten-year loss histories for Workers' Compensation and General Liability, respectively, is appropriate given that the overall time to develop and resolve these types of claims is much longer than a typical property based claim, with General Liability claims taking longer than Workers' Compensation claims. For the purpose of this report, the required departmental allocation is referred to as a contribution, defined as the amount of funds provided to effectively fund the County in paying for claims costs, litigation costs, and settlements.

The evaluation of the methodology for determining the required contributions is based on data reports provided by the County of Orange Risk Management. These reports document the total paid and corresponding contributions by department for three specific time periods representing ten years ago (report from FY 09-10), five years ago (report from FY 14-15), and the current year (report from FY 19-20). Additionally, the analysis within and across these three time periods focused on departments who were responsible for at least 1% of the actual paid losses, combining the remaining departments into an "All Others" category. The required contribution for these departments were based more on their size with the loss history having little to no impact on determining the required contribution. A summary of the reviewed amounts and percentages for both General Liability and Workers' Compensation is provided in Appendix C.

**GENERAL LIABILITY**

The reported amount and percentage of overall County required contributions and losses was reviewed, with the contribution and losses by department summarized in Figures 2 and 3 below.

*Figure 2. General Liability Required Contributions by Department and Time Period*
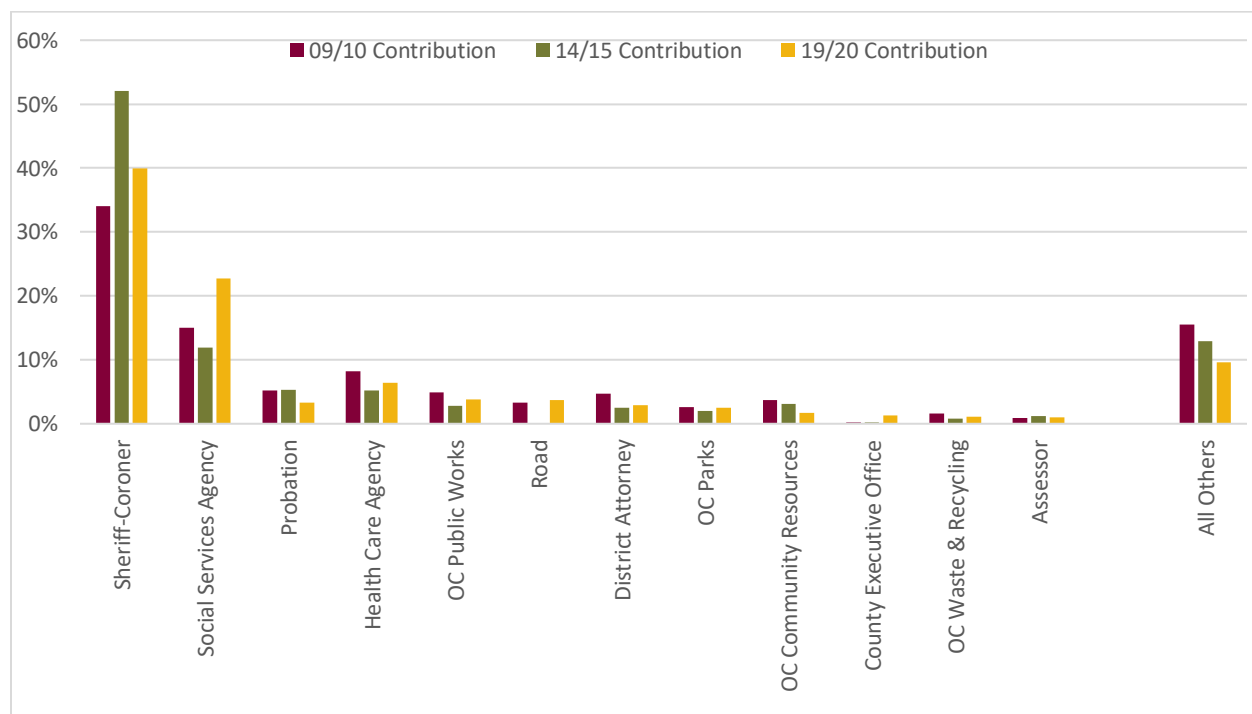
*Figure 3. General Liability Reported Losses by Department and Time Period*
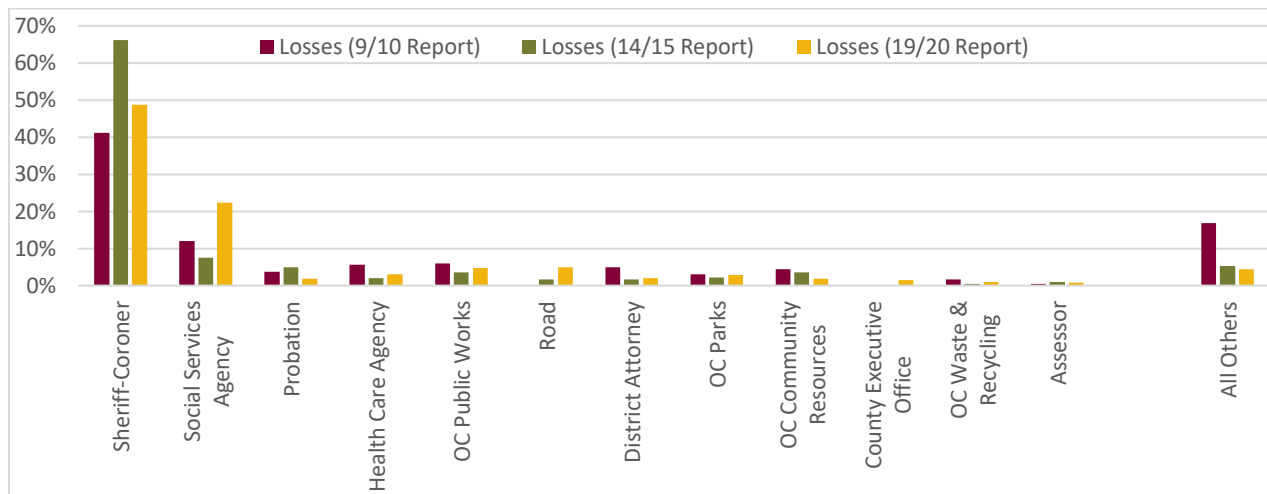


The percentage of County loss and total contribution allocated to each department was compared, as seen in Table 2, to determine the impact the cost allocation methodology had on the frequency of departmental loss experiences and to stabilize overall annual funding. The use of a ten-year rolling loss history, including calculations based on 70% of losses and 30% of size, has minimized the steep curves for each department while accomplishing education goals and maintaining consistent costing and contribution for the program.

Also noted was a spike in loss exposures for the Sheriff-Coroner for the 14/15 data. This is consistent with other California agencies that experienced dramatic cost increases related to police exposure cases. California JPA's in general experienced those increases including CSAC-EIA, California Joint Powers Insurance Authority and California Joint Powers Risk Management Authority. The latter two representing primarily non-county California public agencies.

*Table 2. Comparison of Reported General Liability Loss and Contribution Percentages*

| | FY 09-10 | | FY 14-15 | | FY 19-20 | |
| --- | --- | --- | --- | --- | --- | --- |
| | **Loss** | **Contribution** | **Loss** | **Contribution** | **Loss** | **Contribution** |
| Sheriff-Coroner | **41.1%** | 34.0% | **66.2%** | 52.1% | **48.7%** | 40.0% |
| Social Services Agency | 12.0% | **15.0%** | 7.5% | **11.9%** | 22.4% | **22.7%** |
| Probation | 3.7% | **5.2%** | 5.0% | **5.3%** | 1.8% | **3.3%** |
| Health Care Agency | 5.6% | **8.2%** | 2.0% | **5.2%** | 3.0% | **6.4%** |
| OC Public Works | **6.0%** | 4.9% | **3.5%** | 2.8% | **4.7%** | 3.8% |
| Road | 0.1% | **3.3%** | 1.7% | -- | **4.9%** | 3.7% |
| District Attorney | **5.0%** | 4.7% | 1.6% | **2.5%** | 2.0% | **2.9%** |
| OC Parks | **3.0%** | 2.6% | **2.2%** | 2.0% | **2.9%** | 2.5% |
| OC Community Resources | **4.4%** | 3.7% | **3.5%** | 3.1% | **1.8%** | 1.7% |
| County Executive Office | 0.0% | **0.2%** | 0.0% | **0.2%** | **1.6%** | 1.3% |
| OC Waste & Recycling | **1.7%** | 1.6% | 0.5% | **0.8%** | 1.0% | **1.1%** |
| Assessor | 0.5% | **0.9%** | 1.0% | **1.2%** | 0.8% | **1.0%** |
| All Others | **16.8%** | 15.5% | 5.3% | **12.9%** | 4.5% | **9.6%** |

*Note: The larger of the two percentages is bolded within each year across the departments*

**WORKERS' COMPENSATION**

The reported amount and percentage of overall County required contributions and losses related to Workers' Compensation was reviewed, with the contribution and losses by department summarized in Figures 4 and 5 below.

The review of required contributions indicated a needed increase in funding each subsequent studied time period, reflecting an increase in the overall operational size of county operations and an increase in losses. This is consistent with industry development of Workers' Compliance claims and Actuary comment in their report. The increase across the departments indicates that no specific department sustained overall catastrophic results which would have led to a sharp increase within that department that was not seen elsewhere. Meanwhile, the percentage of total County losses did not provide sufficient data to reveal a pattern on types of losses based on the allocation methodology. Provided reports included the 70% of loss totals data, which was then extrapolated to get the full loss percentage per department.

*Figure 4. Workers' Compensation Required Contributions by Department and Time Period*
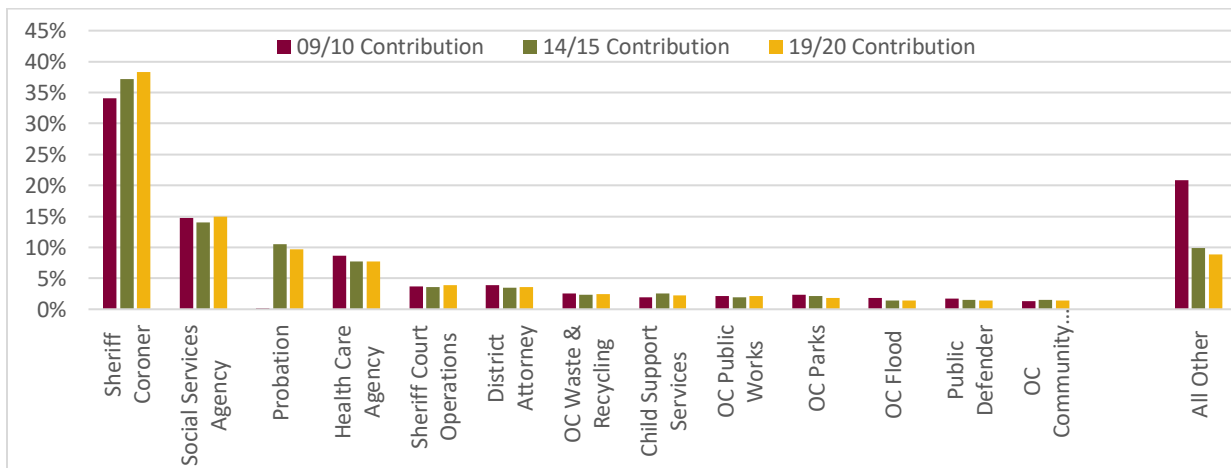


*Figure 5. Workers' Compensation Reported Losses of Department and Time Period*
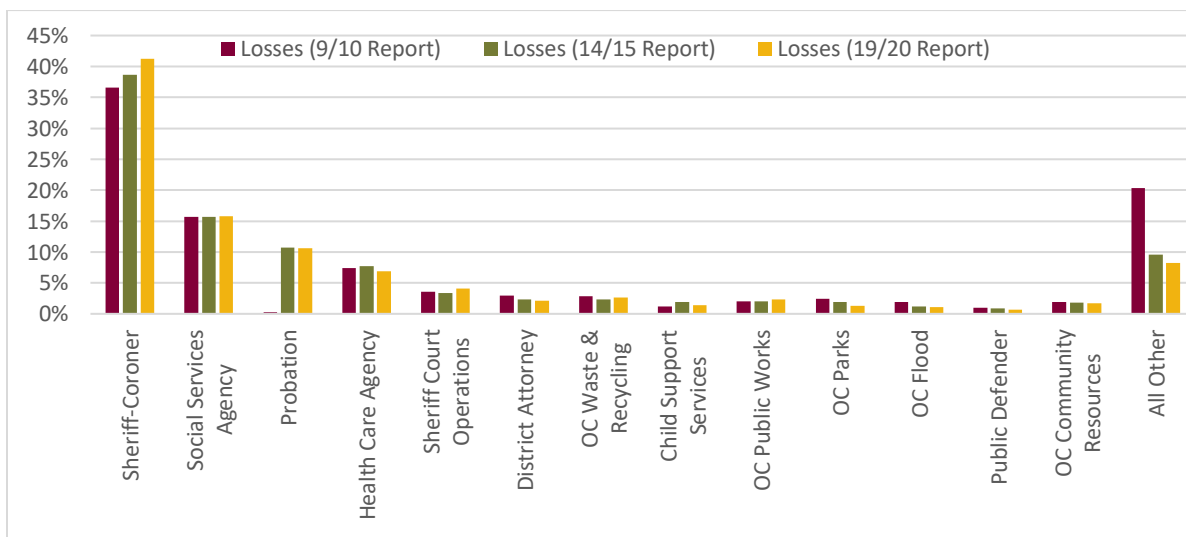
The percentage of County loss and total contribution allocated to each department was compared, as seen in Table 3 below, to determine the impact the cost allocation methodology had on the frequency of departmental loss experiences.

*Table 3. Comparison of Reported Workers' Compensation Loss and Contribution Percentages*

| | FY 09-10 | | FY 14-15 | | FY 19-20 | |
|---|---|---|---|---|---|---|
| | **Loss** | **Contribution** | **Loss** | **Contribution** | **Loss** | **Contribution** |
| Sheriff-Coroner | **36.6%** | 34.1% | **38.6%** | 37.2% | **41.2%** | 38.3% |
| Social Services Agency | **15.7%** | 14.8% | **15.7%** | 14.0% | **15.7%** | 14.9% |
| Probation | **0.3%** | 0.2% | **10.8%** | 10.5% | **10.6%** | 9.6% |
| Health Care Agency | 7.4% | **8.7%** | 7.7% | **7.8%** | 6.9% | **7.7%** |
| Sheriff Court Operations | 3.5% | **3.7%** | 3.4% | **3.6%** | **4.0%** | 3.9% |
| District Attorney | 2.9% | **3.9%** | 2.3% | **3.5%** | 2.1% | **3.6%** |
| OC Waste & Recycling | **2.9%** | 2.6% | 2.3% | 2.3% | **2.6%** | 2.5% |
| Child Support Services | 1.1% | **1.9%** | 1.9% | **2.5%** | 1.4% | **2.2%** |
| OC Public Works | 2.1% | 2.1% | **2.0%** | 1.9% | **2.3%** | 2.1% |
| OC Parks | **2.4%** | 2.3% | 1.9% | **2.2%** | 1.3% | **1.8%** |
| OC Flood | 1.9% | 1.9% | 1.2% | **1.4%** | 1.1% | **1.4%** |
| Public Defender | 1.0% | **1.7%** | 0.8% | **1.5%** | 0.7% | **1.4%** |
| OC Community Resources | **1.9%** | 1.3% | **1.8%** | 1.5% | **1.7%** | 1.4% |
| All Other | 20.4% | **20.9%** | 9.6% | **9.9%** | 8.3% | **8.9%** |

*Note: The larger of the two percentages is bolded within each year across the departments*

## Recommendation

After reviewing the historical data supplied by the County and review of all policies and procedures currently in place regarding cost allocation, the County program meets and or exceeds current industry standards and is compliant with the State of California requirements for County Agency loss allocation standards. The following recommendation supports continued use of an industry best practice already in place.

1. RM should continue using the current annual cost allocation methodology as it aligns with best practices to monitor the results and ensure the continued stability required by the County.

## 7. Adequacy of Policy Limitations

CPS HR reviewed County insurance policies to determine the adequacy of the policy limits in providing coverage to the documented internal loss claims.

## Findings

The Orange County Schedule of Coverages, effective July 2019, was reviewed including the insurance policy period, deductible or self-insured retention (SIR) amount, coverage limit, coverage placement, and the premium charged for each listed line of coverage. The review included two property lines (property, JWA property), thirteen casualty lines (e.g., Active assailant, Sheriff helicopter, drone, workers' compensation, etc.), and twelve miscellaneous lines (e.g., In-Home Supportive Services Crime, Local Agency Formation Committee Special Property Insurance Program (SPIP), Notary Public Errors and Omissions Board, Volunteer accident, etc.).

Based on a review of policy premiums, deductibles, and coverage amounts, the policy limits appear to be adequate, with retentions at a level the County has determined to be appropriate. The appropriateness of the parameters and specific coverage terms of the various policies and excess policies was not assessed during this review.

## Recommendations

1.  The County should continue the current practice of reviewing policy levels to ensure adequate coverage with consideration to updated internal loss documentation as it aligns with industry best practices.

2.  County brokers should continue the current practices of periodically reviewing available policies for purchase or through self-insurance to ensure the policy scope and coverage aligns with the most cost-effective option in a continually changing market. This periodic review, including a review of the private market, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), and potentially other JPA pools, reflects current use of industry best practices.

## 8. Loss Exposure Policy Effectiveness

CPS HR evaluated the current loss exposure and general liability claims processes and procedures from the perspective of both the departmental liaison and County RM staff through confidential online surveys. The departmental liaison and County RM surveys both assessed the awareness and utility of the provided information related to the sources of liability, the effectiveness of the litigation process communications, and an overall assessment of loss exposure and liability processes. In addition, the County RM survey assessed available training related to loss exposure and liability processes.

Findings are based on the 9 departmental liaison and 8 County RM staff who responded to the loss exposure/liability questions. The full results of the survey are available in Appendix D, with the following key findings.

## Findings

**Informational Reports:**
County RM is expected to provide information regarding current claim trends loss information. In addition, RM is expected to develop training focused on minimizing liability risks and protecting the County from exposures to tort claims filed by the public. Four of eleven departmental liaisons had received general loss information, with five of the seven large departments being aware of the informational metric report produced for large departments. Of the five, four had reviewed and found the informational metric report useful, however RM staff stated these reports could be improved with the inclusion of historical benchmarks and the urgency of developing trends, financial impacts of litigation claims, and an explanation of liability sources with the corresponding County risk level.

**Sources of Liability:**
Both departmental and RM staff indicated departments were aware of the specific impact of Employment Action and Public Tort Claims, with departments also indicating awareness of the specific impact of Civil Rights claims. RM staff identified departmental awareness of exposures involving Auto

Liability claims[2]. Based on interactions with departmental staff, 25% of RM staff indicated that Employment Action, Auto Liability, and Tort Claims were not applicable to their assigned departments while 37.5% indicated Civil Rights and Excessive Force were not applicable.

CPS HR recognizes that Civil Rights Claims and Excessive Force Claims would apply to the Sherriff Department operation and this conclusion is expected.

**General Liability Information and Training:**
Respondents from smaller departments strongly agreed that they have utilized training provided by County RM, received information on general liability claims, and have been provided with metrics that identified sources of exposures for their departments. They also recognize the value of the follow-up on actual claims experienced within their departments.

However, larger departments only slightly agreed that County RM provided information on exposures to Tort Claims and or provided any follow-up on claims. Respondents from larger departments were generally not aware of any training made available by RM for Tort related exposures. This aligns with RM feedback that indicated effective training opportunities were not available and data was not available to update the training to make it more effective. Meanwhile, RM staff did not agree or disagree on specific litigation information provided to departments and they generally were not aware of a perceived interest from the departments for additional training.

**Liability Claims Processes:**
Departmental liaisons were asked to identify the level of explanation provided on four components of the liability claims process, while County RM identified the level of explanation required from *No Explanation (1)* to *Well Explained/Detailed Explanation (4)*.

The average responses are provided below, with small departments indicating all components were well explained while the large departments indicated sufficient information on the process, goals, and outcomes was provided to allow them to complete the process, but only a basic level of explanation was provided on County produced reports.

County RM indicated they were required to provide a sufficient level of explanation on the actual litigation process, with slightly less explanation required on the goals and potential outcomes. However, staff indicated the departments needed less explanation on the County produced reports, which aligns with the large departments indicating only a basic level of explanation is provided.

*Table 4. Average Explanation Required on Litigation Components*

| | Explanation Provided | | Explanation Required |
| --- | --- | --- | --- |
| | **Small** | **Large** | **County RM** |
| Litigation Process | 4.0 | 3.1 | 3.0 |
| Goals of Litigation | 4.0 | 3.0 | 2.8 |
| Potential Outcomes of Litigation | 4.0 | 3.0 | 2.8 |
| Explanation of County RM produced reports | 4.0 | 2.0 | 2.5 |

*\*Ratings provided a scale from Low (1) to High (4) amounts of explanation.*

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[2] The feedback survey assessed knowledge of "Service Liability" claims (elicited through the provision of services). However, this terminology was not utilized by Orange County, as reflected in the results of a general "unawareness" of this claim type; results for this type of claim were omitted.

In addition to the level of explanation provided, departmental staff also indicated that general liability responsibilities required an average of 48.5 hours a month including 7.3 hours on metrics/reporting, 17.6 hours working independently on claims, and 23.6 hours working with County RM staff.

**Liability Process Communications:**
County RM indicated that timely communication to the departments was the most helpful in preparing for the litigation process. Four department executives from large departments indicated that County RM provided them with sufficient information regarding litigated claims in their department, with the following table identifying when in the process information was received. Overall, fewer executives were informed as the process progressed. Two responding executives also indicated e-mail as the preferred communication method at each of the milestones.

*Figure 6. Liability Process Communications Survey Results*
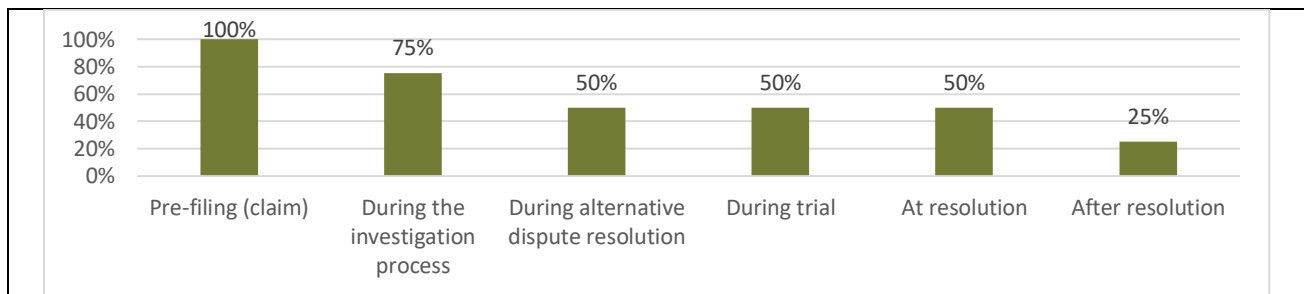


**General Feedback:**
Overall, both the department and RM staff indicated updates on claim status, compiled litigation metric reports, and information from defense counsel or knowledge of legal changes are most beneficial. In terms of improvement, departmental liaison staff would like to see claim trends, actionable recommendations on policy to minimize risk, and additional training based on metrics/trending liability. Meanwhile, RM staff would like data that is actionable, better communication, and a better understanding of the litigation process to clarify that while the County's goal is to defend the lawsuit, policy, and employees' actions, the Departments' tend to pursue settlement over the expense of a trial.

The final audit recommendation still in progress in 2014 identified a need to identify useful risk metrics to collect and analyze, develop a Liability claims information system to facilitate analysis and sharing of information, and to develop overall County liability risk analyses (Recommendation 8). As of the 2014 audit follow-up, RM had implemented a new system, the Risk Management Information System (RMIS) effective in July 2014, to assist in the collection, analysis, and reporting of risk information. As discussed in this section, RM has provided reports to the larger departments with sufficient data to analyze and report. These reports have been perceived as useful by those department staff who review them.

RM also produces an annual report providing a high-level review of the program to educate the Board of Supervisors and top county staff on the performance of the Risk Management Dept and the overall losses sustained by the departments. This report provides a general overview of the actions completed by RM, the overall exposures in workers' compensation and liability, and the top ten causes of loss. This broad overview is very good for audiences that are looking for the big picture, however it may be too broad to help the departments focus in on actionable risk avoidance measures in their department.

Based on the results of this study, this recommendation has been fulfilled at a basic level with the tools in place to collect information and developed reporting templates to share the information. However, it is recommended that RM continue to improve their reporting templates to align with best practices including sharing information with all departments, providing industry wide specific context behind the available statistical reports to further enhance their utility, and ensuring liaisons understand the information being shared.

## Recommendations

The following recommendations are based on survey responses, with the acknowledgement of the low response rates of 50% and 61% for departmental and County RM staff, respectively, which limits the generalizability of the results. Even with limited responses, the data produces a perceived disconnect between County RM and the internal customers/departments.

1. RM should work with the departments to identify the resources and information that would be useful to assist them in achieving a positive impact in reducing their losses.

2. Data in the Informational Metric Reports needs to be set in context within each department, including a section for overall industry trends, comparison to similar Orange County departments, or other county departments. Departmental liaison feedback identified a need for training to explain the impact of the provided data and how it could be utilized to improve their department specific loss reduction efforts.

3. Large program reports providing examples of specific risk exposures, in addition to the County Risk Management Annual Report providing the high-level broad analysis, should be available as references to smaller departments to assist in the development of preventative programs based on County trends where small departments do not have sufficient data for individualized reports.

4. *RM should evaluate the current distribution of the informational metric reports and evaluate alternative sources of data and an expansion of the data provided. It is noted that during the course of this project, the IT division was implementing department specific data dashboards. This is an appropriate course of action to provide an additional source of data and RM should finalize the dashboards and then assess the efficiency of them once departments have started utilizing them.*

5. RM should establish a training program to provide managers and executives with an understanding of current trends, historical summaries, and the financial impact to both departments and the County overall. This should be provided every two to three years, or when significant changes occur in liability trends.

6. RM should address the reported inconsistency in the level of department executive communication across the litigation process through the establishment of  a standardized schedule of communications, proactively identifying when and what information will be provided, and to whom, during the litigation process to ensure clear expectations of shared information and consistently provided communication.

7. RM should develop a training program for those persons participating in the litigation process explaining the details and issues surrounding investigation, claim analysis, testimony requirements and the process for determining settlement posture versus awaiting a verdict.

# 9. Safety Training Effectiveness

CPS HR evaluated the effectiveness of the current safety training and safety administration processes from the perspective of both the departmental liaisons and County RM staff who work on Safety administration through confidential online surveys. The departmental liaison survey assessed the prominence of training, process of reporting and following up on unsafe conditions, the allocation of safety resources and level of involvement, and the effectiveness and preferred training methods of various training topics. The County RM survey assessed perceived prominence of training, the accountability to unsafe conditions, the allocation of safety resources, and the ability to develop new training.

Findings are based on the 35 departmental liaison and 8 County RM staff who responded to the safety training effectiveness questions. The full results of the survey are available in Appendix E, with the following key findings.

## Findings

**Training Availability:**

Safety training was prioritized as 8.1 out of 10 by the departmental liaisons, hindered by the lack of clarity on safety standards and changes to approved trainings. In contrast, RM staff perceived the departmental priority to be lower at 4.7, hindered by unclear safety standards, insufficient time for training, and lack of management prioritization. In the last year, large departments reported receiving at least three trainings, however 2 of the 3 small departments indicated receiving none, including one who had hired an outside vendor for First Aid/CPR/AED but preferred to have RM conduct the training.

In general, departmental liaisons agreed that the departments invest time and money into safety training, with expectations by position clearly defined and the ability to attend required training programs. However, this does not align with the prior section where small departments had not received any training and the large departments were not sure if there was a system in place to obtain all the mandated training. In contrast, RM staff slightly disagreed that expectations by position were clearly defined, but slightly agreed that departments were able to sign up for mandated safety programs.

**Work Environment Safety and Accountability:**

Small and large departments both indicated there are clear procedures in place to report unsafe work conditions, however only the small departments clearly felt there was follow up to address the issue. County RM staff agreed with the small departments that there was follow up to address identified issues, including new safety training programs and the ability to reach outside the department to ensure resolution.

The primary means of holding supervisors accountable for safe working conditions in both large and small departments included documenting and correcting noted hazards and providing the correct tools and resources to staff. Additionally, small departments utilized regular safety training and holding staff accountable. County RM staff indicated supervisors are held accountable via regular training, the

provision of correct tools and resources, and through root cause analysis to determine how the unsafe incident occurred.

Conversely, routine job safety analyses were the least cited accountability method by all groups, however RM staff are developing living job safety analyses to better educate employees to avoid injury and address new hazards.

**Collaboration of Resources:**

Departmental liaisons slightly agreed that there was a cooperative relationship between County RM and the departments, with large departments interacting slightly more with the CEO/Safety RM Specialists and small departments interacting most with County Safety Representatives, followed by the CEO/RM Safety Manager. The line supervisors and managers were mostly involved in the selection/coordination of training and in the development feedback of current trainings, with the percentage of respondents in each department size involved in each phase depicted below. Meanwhile, County RM was mostly involved in the selection/coordination and the delivery of trainings.

*Figure 7. Collaboration of Resources Survey Results*
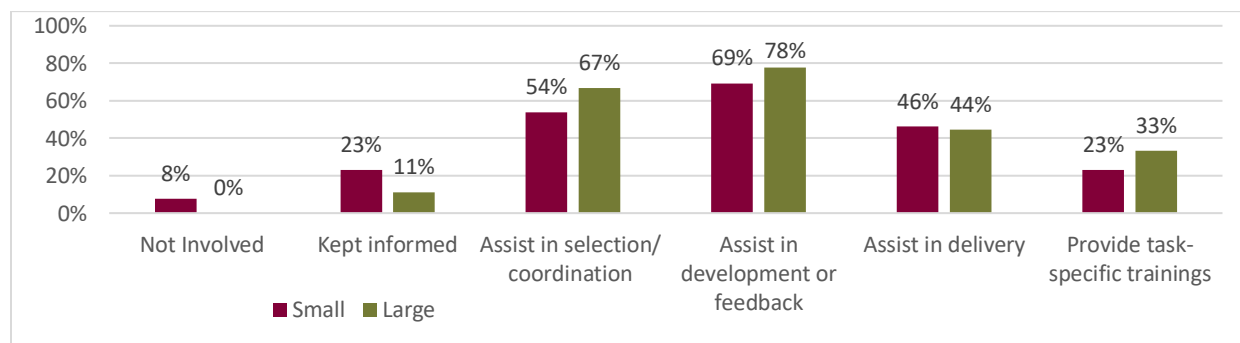


County RM agreed that the provided internal, external, and online training resources were all useful to their departments, with average ratings of each resource aligning more closely with large departments. Large departments agreed resources were useful, with a slight preference to online resources whereas small departments very slightly disagreed that the resources were useful with a slight preference to internal trainers.

County RM indicated there was a cooperative working relationship with departments and sufficient tools, funding, and access to trainers to develop and deliver training, but only slightly agreed that they had the needed data to update or create the training. They slightly agreed that effective training based on safety concerns and best practices was provided and that OC departments actively participated to ensure understanding.

**Training Oversight/Administrative Tracking:**

Most departmental liaisons (63.6%) indicated a designated safety representative collaborated with County RM on non-routine questions and identifying safety requirements while the rest relied on County RM (36.4%) to provide oversight of safety training. County RM staff also indicated departmental safety representatives reached out for non-routine questions and identifying safety requirements, in addition to collaborative efforts in developing and presenting trainings. However, County RM also

observed that assigned designated safety representatives often lack authority over staff and lack knowledge of the background and training needs in the assigned area.

Training records were retained by departments and largely provided to County RM upon request via scanned participation lists, with only 54.5% indicating knowledge of the existence of an electronic tracking system. County RM agreed that records are provided upon request, either through the electronic tracking system, Eureka, via e-mailed participation lists, or through review of physical forms during annual audits.

It is within industry best practices to have a consistent or universal tracking system with clear expectations and ability to submit training records. This allows RM to review and evaluate training that is occurring and to follow-up with departments not meeting acceptable standards. An overall tracking system can be utilized in a decentralized system to ensure compliance, acknowledging that compliance requirements may vary between departments.

**Specific Training Course Effectiveness:**

Departmental liaisons rated 30 current training courses between somewhat effective and effective on average, including six courses with ratings slightly more than effective by small departments and six with ratings indicating they were less than somewhat effective by large departments. Across the 30 courses, an average of 32.1% of small departments indicated a course was not applicable to their department compared to an average of 19.7% of large departments indicated a course was not applicable. Departmental liaisons identified preferred training methodologies, with both large and small departments preferring internal trainers the most often, followed by online training, and then external trainers. The full list of evaluated courses with the average effectiveness rating and preferred training method is available in Appendix E along with the full raw responses to the open feedback summarized below.

**Safety Trainings Open Feedback:**

Departmental liaisons and County RM staff provided the following key ideas to make the trainings more effective overall.

- Create a guide identifying needed general training and classification specific training
- Implementation of knowledge check at the end of training and discussion/examples of how to apply once back on the job
- Real life experience/practice instead of just reading about it
- Consistent training for all departments with a centralized County wide guideline
- More class time options, reduce travel by bringing classes to department or online.
- The RM staff indicated a lack of senior leadership guidance and interest within the departments.

**Safety Resources Open Feedback:**

Departmental liaisons and County RM staff identified currently provided and needed key resources to ensure delivery of safety training. The following items were notated in the open-ended comments and are presented as a summary of the feedback.

The resources that are currently working well, based on raw open-ended comments, are:

- Embedded Safety and Training Officer within the Department to customize and track completed training for department staff.
- Some prefer in-house where staff are forced to focus, others prefer online which are more accessible and cost efficient.

The key needed resources based on raw open-ended comments are:

- Assign Safety Training Officers to departments to allow for customized and specific training, more frequent available training sessions, and an in-house resource rather than traveling to training in groups
- Assign Safety Training Officer(s) based on department size with larger departments potentially needing more than one.
- Consistent support and priority from all levels of management
- Better response time from RM, waiting for responses
- Availability of interactive training to engage participants, track progress
- Provision of quick reference tools, PDFs of learning tools
- Consistent training for all agencies
- Development of a catalog of trainings and available teachers/subject matter experts.

## Recommendations

The following recommendations are based on survey responses, with the acknowledgement of the low response rates of 50% and 61% for departmental and County RM staff, respectively, which may impact generalizability of the results. Despite the low response rates, responses provided consistent feedback, resulting in the following recommendations. Acknowledging the heightened need for safety due to COVID-19 pandemic, it is noted that these recommendations are intended to be addressed after the pandemic has been eradicated and normal operations have resumed.

1. Departmental management and supervisory staff should build a defined "safety culture", elevating the recognition of safety and importance to the County and enhancing the current perception of safety.

2. County RM should revisit and align delivery methods with preferred providers per course type, utilizing the survey data as a guide.

3. County RM should review the effectiveness ratings for each course, initially targeting those courses that were perceived as less than somewhat effective including courses on Intruder/Active Shooter Safety, Lock-out/Tag-out, Confined Space Entry, Job Safety Analysis, Welding Safety, and Portable Extinguisher Training.

4. Recommend the County Office of Risk Management evaluate options for and implement a County Wide electronic training record keeping system to allow RM to review and identify departments not meeting acceptable standards. A mandate by the Board of Supervisors to require all departments that are subject to County funding be required to comply with the reporting tracking system.

5. Develop a county-wide training schedule, posting it in a common area and following up with departments to ensure all are aware of the available trainings.

6. Follow up with each department on a quarterly basis to assess if there are any additional trainings needed to meet departmental requirements.

7. Incorporate cross-departmental trainings on shared concepts (e.g., Job Safety Analyses, Emergency Action Plans, public accidents) to allow better understanding of cross-departmental operations. This shared understanding of exposures increases perception and awareness, impacting other departments and can influence a pro-active culture committed to safety and risk reduction.

8. The alignment of key indicators, service delivery, and expectations between County RM and the serviced departments should be assessed every three years through customer satisfaction surveys to identify areas that are doing well and areas that could be improved.

# Conclusion

There are many distinct and important strengths demonstrated by the County of Orange Risk Management staff. The entire team has shown its commitment to change, increased awareness for promoting safety, and improving operational effectiveness since the previous 2012 audit and corresponding 2014 follow-up, and throughout this process with CPS HR consultants. Additionally, the RM management and staff have been applauded by third party administrators as being responsive and knowledgeable.

An examination of the overall structure of Orange County identified several large departments with significant liability exposures that are directed and managed by elected officials. These Departments are not mandated to adopt and to adhere to overall County RM Policies and Procedures.

 CPS HR has recognized the following areas of opportunity for progress including:

- County of Orange should develop a task force that explores, identifies, and develops a plan to heighten the visibility and compliance with all RM policies within those departments. Once that is completed it is anticipated that reductions to the overall cost of risk may be achieved.
- Develop a revision schedule for all policy areas with routine updates for compliance, as needed.
- Clearly outline a vision for RM goals, priorities and expectations, including considering autonomy for RM staff to work with TPAs on various projects as needed.
- Review financials for any outside vendor contracts and develop a process for checks/balances of reported values.
- Collaborate with HR to consider dedicated or shared support positions and transitioning some Staff Specialist and Program Manager tasks.
- Develop reports or training to provide all departments with historical and current loss claim trends, financial impact, and methods to avoid future losses on a regular basis to ensure applicable and actionable understanding of the data.

■ Implement proactive measures to enhance services to the departments to reduce the need for reactive urgent response situations through consistent sharing of information throughout the claims process and standardized scheduled training and refreshers to ensure uniform knowledge.

■ Establish and promote a "safety culture" to elevate the recognition of safety and importance to the County, further enhancing the current perception of safety.

# Appendix A: List of Reviewed Policies and Procedures

| Policy Name | Last Update | Status | Recommendation, if applicable |
|---|---|---|---|
| #101: Injury and Illness Protection | Rev. 5/1/13 | Meets Standards w/recommendations | County Executives should review the responsibility allocated to Department heads; build in a safety as a measurable criterion for performance review to enhance safety visibility and buy in from top management. |
| #102: Bloodborne Pathogen | Rev. 10/17/11 | Meets/Exceeds Standards | |
| #103: Confined Space Entry | Rev. 4/5/06 | Meets Standards w/recommendations | Annual training required including documenting frequency per employee, with recommended annual review by CEO/RM to confirm compliance. |
| #104: Emergency Action Plan | Rev. 10/17/06 | Meets Standards w/recommendations | Establish a comprehensive policy that adds Active Shooter, Wildland Fires, Floods, and Workplace Violence. |
| #105: Fire Prevention | Rev. 4/3/06 | Meets/Exceeds Standards | |
| #106: Hazard Communication | Rev. 3/26/09 | Meets Standards w/recommendations | Change Material Safety Data Sheets (MSDS) to Safety Data Sheets (SDS); Update policy to confirm compliance with current standards. |
| #107: Hearing Conservation and Noise Control | Rev. 4/4/02 | Meets Standards w/recommendations | Update policy to bring current, re-issue policy to strengthen visibility and enhance full compliance. |
| #108: Lock out Tag Out | Rev. 3/26/09 | Meets Standards w/recommendations | Clarify policy to identify how and who within RM reviews compliance. |
| #109: Respiratory protection program | Rev. 5/05/14 | Meets Standards w/recommendations | Change terminology of Forest Fires to Wildland Fires |
| #110: Chemical Hygiene Plan | Rev. 3/1/02 | Meets/Exceeds Standards | |
| #201: Establishing Loss Prevention and Safety Policy | Eff. 5/22/1962 | Meets Standards w/recommendations | Update policy to bring current, re-issue policy to strengthen visibility and enhance full compliance. |
| #202: Occupational Safety Program (Expanded) | Eff. 4/23/1973 | Meets/Exceeds Standards | |
| #301: Safety Responsibilities – Agency/Dept. Heads | Rev. 5/1/13 | Meets Standards w/recommendations | County should evaluate Senior Management review of the authority. Improving workplace should be include within Department Head evaluation process. |
| #302: Safety Responsibilities – Supervisors/Managers | Rev. 5/1/13 | Meets/Exceeds Standards | |
| #303: Safety Responsibilities – All Employees | Rev. 5/1/13 | Meets Standards w/recommendations | Routinely re-issue/distribute to remind employees of current policy, importance of reporting hazards. |
| #304: Responsibilities of Agency/Dept. based Safety Training Officers and Dept. Safety Reps. | Rev. 3/1/12 | Meets/Exceeds Standards | |

| Policy Name | Last Update | Status | Recommendation, if applicable |
|---|---|---|---|
| #305: County Safety Office Responsibilities | Rev. 3/1/12 | Meets Standards w/recommendations | Review the business practice, clarify whether Safety Professionals or Department Heads are responsible for confirming other policies comply with existing safety policy to eliminate perceived duplicative role and complication in ensuring compliance. |
| #306: Contractor Safety Responsibilities | Rev. 6/1/14 | Meets Standards w/recommendations | Add a requirement for contractors to provide evidence of an approved or adopted IIPP that complies with the County program when working on County property. |
| #307: Safety Responsibilities: Safety Committees | Rev. 1/29/09 | Meets/Exceeds Standards | |
| #401: Accident/Incident Investigations | Rev. 2/1/14 | Meets Standards w/recommendations | Implement a random review of records to enhance supervisor training on accident investigation. |
| #402: Hazard Recognition and Control Safety Inspection Procedures | Rev. 7/21/05 | Meets/Exceeds Standards w/Recommendations RM conducted a gap analysis across all departments, identifying common gaps in the safety process. Identified need to examine a central record keeping system to implement in all departments. | Adopt a requirement requiring Safety inspections to be documented with program compliance being included in the evaluation of Department funding. Evaluate options to implement County-wide system for documenting all conducted safety related trainings, with County RM reviewing compliance and issuing annual compliance metric reports. |
| #403: Fire Extinguisher Inspection | Rev. 1/29/09 | Meets/Exceeds Standards | |
| #404: Hazard Recognition and Loss Control Reporting Unsafe Conditions and Acts | Rev. 1/29/09 | Meets/Exceeds Standards | |
| #405: Job Safety Analysis | Rev. 3/7/07 | Meets Standards w/recommendations | Develop a county-wide joint effort between Departments, Human Resources and Safety staff for implementing JSAs which identify specific tasks performed by position, utilizing the information to identify safety training requirement metrics based upon tasks performed. |
| #406: Lobby and Corridor Use Policy | Rev. 1/29/09 | Meets/Exceeds Standards | |
| #407: General Safety Non-Structural Seismic Hazard Reduction | Rev. 7/1/08 | Meets/Exceeds Standards | |

| Policy Name | Last Update | Status | Recommendation, if applicable |
|---|---|---|---|
| #501: Safety Training and New Hire Orientation | Rev. 1/29/09 | Meets/Exceeds Standards<br><br>HR, RM and Departments work on developing a training core for new hires. | |
| #502: Safety Training – Summary of Cal OSHA Mandated Training | Rev. 1/29/09 | Meets/Exceeds Standards | |
| #601: Safety Communication | Rev. 1/28/09 | Meets Standards w/recommendations | Deploy a county-wide broadcast to all employees to educate them on the county-wide safety hotline to report unsafe conditions. |
| #701: Personal Protective Equipment and Clothing | Rev. 1/28/09 | Meets/Exceeds Standards | |
| #702: Welding Procedures IIP Program | Rev. 1/28/09 | Meets/Exceeds Standards | |
| #703: General Safety Rules, General Safe Work Procedures | Rev. 3/26/09 | Meets/Exceeds Standards w Recommendations | Update the format of all safety policies for online accessibility/searchability by employees, department supervisors, and management. |
| #704: Portable Ladder Safety | Rev. 4/2/07 | Meets/Exceeds Standards | |
| # 801: First Aid Kits | Rev. 1/28/09 | Meets/Exceeds Standards | |
| #802: Aerosol Transmissible Diseases (ATD) Policy | Rev. 5/1/12 | Meets Standards w/recommendations<br><br>A COVID-19 policy would be included within the ATD policy be each Department. Overall responsibility for this policy resides with Health and Human Services. | Shorten policy, simplifying the language to be understood by those without a Health care background. |
| #803: Ergonomics Program | Rev. 5/1/13 | Meets/Exceeds Standards | |
| #804: Outdoor Heat Illness Prevention | Rev. 5/1/15 | Meets/Exceeds Standards | |
| #901: Forklift, Industrial Truck Operating Rules | | Meets Standards w/recommendations | Create a formal County established policy aligning with Cal OSHA standards currently utilized to align with County established protocols. |
| #902: Small Cart Safety Program | Rev. 1/27/09 | Meets/Exceeds Standards | |
| #1001: Reporting Work Related Fatalities and Serious Injuries | Rev. 2/5/09 | Meets/Exceeds Standards | |
| #1002: Cal OSHA Inspections or Correspondence | Rev. 9/10/10 | Meets/Exceeds Standards | |

| Policy Name | Last Update | Status | Recommendation, if applicable |
|---|---|---|---|
| #1003: Review of Motor Vehicle Collisions | Rev. 7/25/08 | Meets/Exceeds Standards | |
| #1004: Death Notification Procedure | Rev. 3/26/09 | Meets/Exceeds Standards | |
| #1005: Motor Vehicle Collision Reporting Procedure | Rev 1/30/09 | Meets/Exceeds Standards | |
| **Office of Risk Management Operating Policies and Procedures** | | | |
| Funding Policy – Workers' Compensation & Property & Casualty ISF | | Meets/Exceeds Standards | |
| W.C. Claims Audit Process | | Meets/Exceeds Standards | |
| Claim settlement authority levels | Eff. 7/27/2010 | Meets/Exceeds Standards | |
| Claim settlement policy | Eff. 5/8/19 | Meets/Exceeds Standards | |
| **Risk Management Policy ASR** | **Eff. 3/14/2017** | **Meets/Exceeds Standards** | |
| Risk Transfer/Contract Management/Insurance Requirements | Rev. 2019 | Meets Standards w/recommendations | County should evaluate increasing insurance requirement limits to $2million for General Liability. |
| TPA Performance Incentives | | Meets/Exceeds Standards | |
| Public Accident Investigation | | Meets/Exceeds Standards | |
| Special Event Instructions | | Meets/Exceeds Standards | |
| Vehicle Operations program | | Meets/Exceeds Standards | |
| Workers' Compensation Policies and Procedure Manual. | Rev: 8/4/08 | Meets/Exceeds Standards | |
| Occupational Injury and Illness Reporting Packet | Rev. 8/14/18 | Meets/Exceeds Standards | |
| WC and Liability Funding Policy and ASR Attachments | Eff. 5/1/12 | Meets/Exceeds Standards | |
| Liability Rates Procedure 2019 | Eff. 2019 | Meets/Exceeds Standards | |
| Commercial Driver Program (DOT)/DMV Pull Program | | Program resides in the Public Works Department and was not subject to review in this report. | |

# Appendix B: Workers' Compensation Feedback Survey by Department size, Claim Frequency

## Summary

The County of Orange Risk Management Office requested feedback on current Workers' Compensation procedures and operations from departmental liaisons/stakeholders. Liaisons were e-mailed a survey link on 2/13/2020 to provide confidential feedback by 3/6/2020. A total of 16 of the 29 invited departments participated[3]. The demographic information is summarized below demonstrating representation from different department sizes and volumes of Workers' Compensation activity.

**Overall, 33.3% had fewer than 45 staff while 66.7% had more than 100 staff. The number of claims per month was varied with 53.4% of respondents having five or less claims per month, including all agencies with less than 150 employees. There was more variance in agencies with over 150 staff ranging from 13.3% of respondents having 5 claims or less, 26.7% have between 6 and 15 claims per month, and 20% have more than 21 claims per month.**

| | | Number of Workers' Compensation claims per month | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **None** | **1 to 5** | **6 to 10** | **11 to 15** | **16 to 20** | **21 to 25** | **More than 25** | **TOTAL** |
| **Number of Employees** | **Less than 15** | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 3 (20.0%) |
| | **15 to 29** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 (0.0%) |
| | **30 to 44** | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 2 (13.3%) |
| | **45 to 59** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 (0.0%) |
| | **60 to 74** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 (0.0%) |
| | **75 to 99** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 (0.0%) |
| | **100 to 149** | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 (6.7%) |
| | **150+** | 0 | 2 | 2 | 2 | 0 | 1 | 2 | 9 (60.0%) |
| | **TOTAL** | 1 (6.7%) | 7 (46.7%) | 2 (13.3%) | 2 (13.3%) | 0 (0.0%) | 1 (6.7%) | 2 (13.3%) | 15(100%) |

*Note: Responding departments included Health Care Agency, Human Resource Services, OC Community Resources, OC Public Works, OC Waste and Recycling, Public Defender, and Sheriff-Coroner.*

In addition to assessing the department size and number of claims, the survey asked respondents to identify role and tenure. Of the 15 respondents, 56.3% were line staff/non-supervisory, 18.8% were supervisory, and 25.0% were mid-level managers. The tenure in the current position, department, and county are identified below with 50% being in their current position for 1 to 5 years, 56.3% had being in their current department for 1 to 5 years, and 56.3% had been with the County for over 15 years.

| | 1 year or less | At least 1 year, up to 5 years | At least 5 years, up to 10 years | At least 10 years, up to 15 years | More than 15 years |
|---|---|---|---|---|---|
| Time in current position | 1 (6.7%) | 7 (46.7%) | 5 (33.3%) | 1 (6.7%) | 1 (6.7%) |
| Time in current department | 1 (6.7%) | 8 (53.3%) | 1 (6.7%) | 2 (13.3%) | 3 (20.0%) |
| Time in Orange County | 0 (0.0%) | 2 (13.3%) | 1 (6.7%) | 3 (20.0%) | 9 (60.0%) |
| Time Supervising or higher | 6 (40.0%) | 3 (20.0%) | 3 (20.0%) | 1 (6.7%) | 2 (13.3%) |

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[3] One response was removed during data clean-up due to responses indicating misunderstanding of the questions.

## 1. Time Requirements:

The average hours per month spent on work related Workers' Compensation was assessed to determine the impact on departmental staff workloads.

- Overall, departments spend an average of 9.2 hours on metrics and reporting, 29.1 hours independently working on Workers' Compensation claims, and 7.3 hours a month collaborating with County RM staff.

- Department size did not dictate the hours spent on Workers' Compensation activities with the most time spent by the largest departments and the least time spent by the departments with 100 to 149 employees. While departments with less than 150, had a relatively consistent number of hours spent on each activity, departments with more than 150 staff spent significantly more hours working independently on claims, aligning with the increased number of claims.

- Number of claims per month did not have a direct relationship with the hours spent on Workers' Compensation activities. Departments with 6 to 10 claims per month spent the most independent time on claims, followed by those with more than 25 claims. Departments with fewer than 5 claims per month spent minimal time on Workers' Compensation activities.

| Overall | Minimum | Maximum | Median | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Hours per month gathering and summarizing metrics, creating reports related to Workers' Compensation activities | 0 | 60 | 4 | 9.2 | 15.7 |
| Hours spent per month working independently on Workers' Compensation Claims | 0 | 160 | 6 | 29.1 | 54.4 |
| Hours spent per month working with staff from RM on Workers' Compensation Claims | 0 | 40 | 1 | 7.3 | 11.8 |

| | |
|---|---|
| **Average Hours per month by Department Size** | **Average Hours per Month**<br>Less than 15: Metrics 1.3, Independent 1.7, Collaborating 0.7<br>30 to 44: Metrics 4.5, Independent 1.5, Collaborating 1.0<br>100 to 149: Metrics 0.0, Independent 0.3, Collaborating 1.0<br>150+: Metrics 15.3, Independent 49.9, Collaborating 13.8<br>■ Metrics and Reporting ■ Independent Claims ■ Collaborating with RM |
| **Average Hours per month by Claim Frequency** | **Average Hours per Month**<br>None: Metrics 3.0, Independent 4.0, Collaborating 1.0<br>1 to 5: Metrics 3.4, Independent 2.2, Collaborating 2.1<br>6 to 10: Metrics 6.5, Independent 90.0, Collaborating 20.0<br>10 to 15: Metrics 10.0, Independent 25.0, Collaborating 5.0<br>More than 25: Metrics 35.0, Independent 79.0, Collaborating 23.5<br>■ Metrics and Reporting ■ Independent Claims ■ Collaborating with RM |

## 2. Workers' Compensation Practices and Procedures:

The availability of knowledge and processes from the RM Office to the departments was assessed through a series of six statements rated on a five-point scale from Strongly Disagree (1) to Strongly Agree (5).

- **Overall, department staff agreed that RM was available as subject matter experts and were between neutral and agreeing that RM provided clear processes, useful methods, and the knowledge of potential sources of fraud.**

- **Respondents did not agree or disagree that RM provided regular training and strongly agreed that a refresher would be beneficial to the staff conducting Workers' Compensation work in the departments.**

### Overall

| Statement | Rating |
|---|---|
| Clear Processes | 3.9 |
| Useful Methods | 3.5 |
| Potential Fraud Sources | 3.5 |
| Available SMEs | 4.1 |
| Offers Training | 3.2 |
| Training Refresher | 4.2 |

The ratings on the six statements were assessed by staff size and frequency of claims, with the average rating on each statement presented in the following tables. Average ratings that indicated agreement to strong agreement (3.5 to 5) are shaded green demonstrating that the notated information has been provided sufficiently; neutral ratings that indicated neither agreeing or disagreeing (2.51 to 3.49) are shaded in yellow demonstrating a lack of clarity on the availability of the information, and average ratings that demonstrated a need for additional information (1.0 to 2.5) are shaded in orange. It is important to note that high ratings on the last statement indicate a desire for a refresher course, or a desire for more information, so ratings are shaded inversely.

*Ratings by Department size:*

A review of statement ratings by staff size indicated the departments agree that the information to conduct Workers' Compensation activities is provided by the RM Office, with the following areas for potential improvement.

- Departments with less than 15 staff are less clear on Workers' Compensation claim processes, those with over 150 staff are less clear on potential sources of fraud, and those with over 100 staff are less clear on the available useful methods to manage risks to minimize the number of claims.

- Departments with 30 to 149 staff agreed that training was offered on a regular basis, but those with less than 15 or more than 150 were less aware of offered trainings. Meanwhile, none of the departments disagreed that a refresher course would be beneficial to staff.

| | Less than 15 staff | 30 to 44 staff | 100 to 149 staff | 150 + staff |
|---|---|---|---|---|
| We have **clear processes** from OC Risk Management for processing Workers' Compensation claims | 3.0 | 4.5 | 5.0 | 3.9 |
| County Workers' Compensation guidelines provide **useful methods** to proactively manage risks to minimize the number of required Workers' Compensation claims | 3.7 | 4.5 | 3.0 | 3.3 |
| County Workers' Compensation guidelines outline **potential sources of fraud** in Workers' Compensation claims and how to guard against them | 3.7 | 4.0 | 4.0 | 3.3 |
| OC Risk Management staff are **available as subject matter experts** to provide guidance and answer questions on Workers' Compensation claims | 3.7 | 4.5 | 5.0 | 4.0 |
| OC Risk Management **offers training** on Workers' Compensation processes on a regular basis | 2.7 | 4.0 | 4.0 | 3.1 |
| A **training course/refresher** would be beneficial to staff processing Workers' Compensation claims* | 3.7 | 4.5 | 3.0 | 4.4 |

*Reverse coded – higher ratings indicate a need for information.
*Note – there were no respondents from agencies with 16-29, 45-99 staff.*

***Ratings by Claim Frequency:***

A review of statement ratings by claim frequency indicated overall availability of information to conduct Workers' Compensation activities is provided by the RM Office, with the following areas for potential improvement.

- Departments who process 6 to 10 claims a month were more likely to disagree on the availability of clear processes, knowledge of potential sources of fraud, knowledge of methods to minimize claims, and availability of RM Office staff as subject matter experts. *Note – this is based on only two responding agencies.*

- Departments with less than 20 claims a month did not agree or disagree that the RM Office provided regular training opportunities with the exception of those who process 6 to 10 claims which notably disagreed that these opportunities were available.

- With the exception of those who do not file any claims, all responding departments agreed to strongly agreed that a refresher course would be beneficial to staff conducting Workers' Compensation activities.

| | None | 1 to 5 claims | 6 to 10 claims | 10 to 15 claims | 20 to 25 claims | More than 25 claims |
|---|---|---|---|---|---|---|
| We have **clear processes** from OC Risk Management for processing Workers' Compensation claims | 4.0 | 4.1 | 2.5 | 4.0 | 4.0 | 4.0 |
| County Workers' Compensation guidelines provide **useful methods** to proactively manage risks to minimize the number of required Workers' Compensation claims | 4.0 | 3.9 | 2.0 | 4.0 | 4.0 | 3.0 |
| County Workers' Compensation guidelines outline **potential sources of fraud** in Workers' Compensation claims and how to guard against them | 4.0 | 3.7 | 2.0 | 4.0 | 4.0 | 3.5 |
| OC Risk Management staff are **available as subject matter experts** to provide guidance and answer questions on Workers' Compensation claims | 4.0 | 4.4 | 2.5 | 4.0 | 4.0 | 5.0 |
| OC Risk Management **offers training** on Workers' Compensation processes on a regular basis | 3.0 | 3.4 | 1.5 | 2.5 | 4.0 | 4.5 |
| A **training course/refresher** would be beneficial to staff processing Workers' Compensation claims* | 3.0 | 4.0 | 4.5 | 4.5 | 4.0 | 5.0 |

*Reverse coded – higher ratings indicate a need for information

**Workers' Compensation Process Effectiveness**

Participants were asked if the current processes were effective in managing the Workers' Compensation claims, and to explain what was working well versus not being very effective. Overall, 10 of the 15 respondents (66.7%) indicated that the current processes were effective. When examining it by department staff size, 100% of responding departments with 30 to 44 staff and 100 to 149 staff agreed that processes were effective, however a third of the departments with less than 15 staff and half of the departments with more than 150 staff indicated current processes were not effective.

Based on number of claims per month, 100% of responding departments with 10 to 25 claims per month indicated the processes were effective, however 28.6% of respondents in departments with 1 to 5 claims and half of the departments with over 25 claims per month indicated the processes were not effective. Aligning with the assessment of available information, 100% of responding departments with 6 to 10 claims per month indicated the processes were not effective.

The table on the next page summarizes the number and percentage of responding agencies indicating if the current processes were effective or not effective for processing Workers' compensation claims.

| | Yes | No | |
|---|---|---|---|
| **Overall** | 10 | 5 | |
| | | | |
| Less than 15 staff | 1 | 2 | |
| 30 to 44 staff | 2 | 0 | |
| 100 to 149 staff | 1 | 0 | |
| 150 + staff | 6 | 3 | |
| | | | |
| None - 0 claims per month | 1 | 0 | |
| 1 to 5 claims per month | 5 | 2 | |
| 6 to 10 claims per month | 0 | 2 | |
| 10 to 15 claims per month | 2 | 0 | |
| 20 to 25 claims per month | 1 | 0 | |
| More than 25 claims per month | 1 | 1 | |

Overall — Yes 66.7%, No 33.3%

Less than 15 staff — Yes 33.3%, No 66.7%

30 to 44 staff — Yes 100%

100 to 149 staff — Yes 100%

150 + staff — Yes 66.7%, No 33.3%

None - 0 claims per month — Yes 100%

1 to 5 claims per month — Yes 71.4%, No 28.6%

6 to 10 claims per month — No 100%

10 to 15 claims per month — Yes 100%

20 to 25 claims per month — Yes 100%

More than 25 claims per month — Yes 50.0%, No 50.0%

■ Yes ■ No

# Open ended feedback:

Respondents were asked to identify what was effective or not effective in current Workers' compensation claim processes. The raw responses are presented in the tables below, with only identifying information redacted.

The overall themes for things that are working well were:

- County Workers' Compensation staff responses are helpful and timely
- Ease of communication via e-mail instead of Pony mail
- Wage Statement worksheet/template make things easier

The overall themes for things that could use improvement were:

- More training, including payroll codes
- Countywide guideline is needed
- Better communication on what to expect, what is pending, explanation of decisions

| *What is working well in the current Workers' Compensation processes?* |
|---|
| The staff in OC Risk Management are always very helpful and efficient in supplying information. |
| Previous communication with the Workers' Comp staff used to be via pony mail. Now, everything is communicated via emails which are more time efficient and more accurate, since sometimes paperwork could be lost in the pony mail. Also, Central Payroll provided an excellent working spreadsheet to help complete the wage statements in a faster and more efficient way, which we submit to the Workers' Comp staff. |
| The good thing about my department is that we do not have that many claims. But at my prior Agency, we had many claims a month and to get information from one place to another was very difficult. |
| Forms and reporting process is easy to follow. |
| Emailing our department the workers' comp form instead of pony mail. |
| WAGE STATEMENT WORKSHEET |
| Risk Management staff communications |
| The Workers' Comp staff responds to our questions and concerns right away. I currently do not have any ideas for improvement at this time. |

| *What areas could use improvement in the current Workers' Compensation processes?* |
|---|
| A Countywide guideline with the process of Workers' Compensation in the County is needed. |
| Understanding the decision-making process from (name omitted) and having better communication and professionalism would be a step in the right direction. |
| More training, staff handling WC claims should be able to know the basic, such as what code to use on the timesheet if someone from payroll is not available, etc. |
| Notification to department as well as *(department name)* payroll on WC updates, i.e. restoration of balances. (department name) payroll is very short staff right now and we are seeing delays with the (department name) Payroll processing transactions. It would be good to know what to expect and what is pending to be processed. |
| More training on the staff |
| Training |
| In my case, Doctor approve to have Physical Therapy treatment but OC WP did not agreed. - When I ask where is my approval? worker did not give strait answer, I have to know from the Doctor. |

# Appendix C: Cost Allocation Summary Data

The reported amount and percentage of overall County required contributions and losses by department are summarized in the following tables. The first two tables show the General Liability contributions and losses while the second two tables show the Workers' Compensation contributions and losses. The percentages are shaded according to the relationship of the contribution within each department with the year the department had the lowest percentage of overall County contribution in green, followed by yellow, and then orange for the year with the highest percentage.

**General Liability Required Contributions by Department and Time Period**

| | FY 09-10 | | FY 14-15 | | FY 19-20 | |
|---|---|---|---|---|---|---|
| | Contribution | % of County | Contribution | % of County | Contribution | % of County |
| Sheriff-Coroner | $3,713,880 | 34.0% | $11,398,875 | 52.1% | $8,321,564 | 40.0% |
| Social Services Agency | $1,639,727 | 15.0% | $2,605,285 | 11.9% | $4,734,261 | 22.7% |
| Probation | $563,910 | 5.2% | $1,170,219 | 5.3% | $680,131 | 3.3% |
| Health Care Agency | $896,822 | 8.2% | $1,137,260 | 5.2% | $1,332,883 | 6.4% |
| OC Public Works | $535,426 | 4.9% | $614,550 | 2.8% | $786,083 | 3.8% |
| Road | $364,967 | 3.3% | - | - | $763,092 | 3.7% |
| District Attorney | $516,444 | 4.7% | $540,668 | 2.5% | $602,310 | 2.9% |
| OC Parks | $283,944 | 2.6% | $447,300 | 2.0% | $530,664 | 2.5% |
| OC Community Resources | $406,701 | 3.7% | $681,608 | 3.1% | $345,286 | 1.7% |
| County Executive Office | $20,888 | 0.2% | $39,726 | 0.2% | $265,467 | 1.3% |
| OC Waste & Recycling | $179,717 | 1.6% | $165,182 | 0.8% | $230,259 | 1.1% |
| Assessor | $98,305 | 0.9% | $272,998 | 1.2% | $218,010 | 1.0% |
| All Others | $1,693,724 | 15.5% | $2,824,525 | 12.9% | $2,004,856 | 9.6% |
| TOTAL: | $10,914,456 | | $21,898,196 | | $20,814,868 | |

**General Liability Reported Losses by Department and Time Period**

| | FY 09-10 Report (Losses 7/1/98 to 6/30/08) | | FY 14-15 Report (Losses 7/1/01 to 6/30/11) | | FY 19-20 Report (Losses 7/1/08 to 6/30/18) | |
|---|---|---|---|---|---|---|
| | Loss | % of County | Loss | % of County | Loss | % of County |
| Sheriff-Coroner | $21,375,639 | 41.1% | $52,247,797 | 66.2% | $43,784,777 | 48.7% |
| Social Services Agency | $6,226,097 | 12.0% | $5,938,546 | 7.5% | $20,111,481 | 22.4% |
| Probation | $1,921,872 | 3.7% | $3,943,891 | 5.0% | $1,646,449 | 1.8% |
| Health Care Agency | $2,930,373 | 5.6% | $1,544,891 | 2.0% | $2,674,681 | 3.0% |
| OC Public Works | $3,129,568 | 6.0% | $2,757,678 | 3.5% | $4,247,250 | 4.7% |
| Road | $35,467 | 0.1% | $1,350,016 | 1.7% | $4,391,367 | 4.9% |
| District Attorney | $2,574,854 | 5.0% | $1,299,335 | 1.6% | $1,819,855 | 2.0% |
| OC Parks | $1,550,910 | 3.0% | $1,723,741 | 2.2% | $2,605,218 | 2.9% |
| OC Community Resources | $2,294,565 | 4.4% | $2,756,653 | 3.5% | $1,606,499 | 1.8% |
| County Executive Office | $24,398 | 0.0% | $31,875 | 0.0% | $1,397,620 | 1.6% |
| OC Waste & Recycling | $889,491 | 1.7% | $392,405 | 0.5% | $880,722 | 1.0% |
| Assessor | $257,044 | 0.5% | $768,112 | 1.0% | $725,923 | 0.8% |
| All Others | $8,752,404 | 16.8% | $4,216,865 | 5.3% | $4,024,585 | 4.5% |
| Total (using 10-yr. loss histories) | $51,962,681 | | $78,971,804 | | $89,916,428 | |

**Workers' Compensation Required Contributions by Department and Time Period**

| | FY 09-10 | | FY 14-15 | | FY 19-20 | |
|---|---|---|---|---|---|---|
| | Contribution | % of County | Contribution | % of County | Contribution | % of County |
| Sheriff-Coroner | $6,822,210 | 34.1% | $14,988,656 | 37.2% | $23,215,225 | 38.3% |
| Social Services Agency | $2,950,696 | 14.8% | $5,648,871 | 14.0% | $9,048,976 | 14.9% |
| Probation | $43,132 | 0.2% | $4,232,575 | 10.5% | $5,842,940 | 9.6% |
| Health Care Agency | $1,731,330 | 8.7% | $3,123,038 | 7.8% | $4,692,423 | 7.7% |
| Sheriff Court Operations | $736,374 | 3.7% | $1,445,707 | 3.6% | $2,366,471 | 3.9% |
| District Attorney | $779,762 | 3.9% | $1,402,212 | 3.5% | $2,154,912 | 3.6% |
| OC Waste & Recycling | $517,686 | 2.6% | $943,015 | 2.3% | $1,511,869 | 2.5% |
| Child Support Services | $380,670 | 1.9% | $1,019,316 | 2.5% | $1,357,593 | 2.2% |
| OC Public Works | $423,074 | 2.1% | $781,467 | 1.9% | $1,301,625 | 2.2% |
| OC Parks | $463,768 | 2.3% | $878,207 | 2.2% | $1,096,398 | 1.8% |
| OC Flood | $374,676 | 1.9% | $578,751 | 1.4% | $877,381 | 1.4% |
| Public Defender | $334,834 | 1.7% | $623,112 | 1.5% | $874,328 | 1.4% |
| OC Community Resources | $266,812 | 1.3% | $618,884 | 1.5% | $860,751 | 1.4% |
| All Other | $4,174,976 | 20.9% | $3,982,437 | 9.9% | $5,382,933 | 8.9% |
| **TOTAL:** | **$20,000,000** | | **$40,266,248** | | **$60,583,825** | |

**Workers' Compensation Reported Losses by Department and Time Period**

| | FY 09-10 Report (Losses based on 7-year history) | | FY 14-15 Report (Losses based on 7-year history) | | FY 19-20 Report (Losses based on 7-year history) | |
|---|---|---|---|---|---|---|
| | Loss | % of County | Loss | % of County | Loss | % of County |
| Sheriff-Coroner | $60,955,594 | 36.6% | $66,450,000 | 38.6% | $101,293,068 | 41.2% |
| Social Services Agency | $26,162,939 | 15.7% | $26,957,718 | 15.7% | $38,692,245 | 15.7% |
| Probation | $17,545,610 | 10.5% | $18,519,625 | 10.8% | $26,172,916 | 10.6% |
| Health Care Agency | $12,397,084 | 7.4% | $13,246,785 | 7.7% | $17,013,120 | 6.9% |
| Sheriff Court Operations | $5,887,511 | 3.5% | $5,852,767 | 3.4% | $9,923,337 | 4.0% |
| District Attorney | $4,883,013 | 2.9% | $4,035,056 | 2.3% | $5,265,439 | 2.1% |
| OC Waste & Recycling | $4,782,363 | 2.9% | $4,041,937 | 2.3% | $6,380,043 | 2.6% |
| Child Support Services | $1,913,845 | 1.1% | $3,234,582 | 1.9% | $3,379,187 | 1.4% |
| OC Public Works | $3,434,590 | 2.1% | $3,405,412 | 2.0% | $5,603,972 | 2.3% |
| OC Parks | $4,002,994 | 2.4% | $3,339,179 | 1.9% | $3,286,078 | 1.3% |
| OC Flood | $3,123,475 | 1.9% | $1,984,067 | 1.2% | $2,622,033 | 1.1% |
| Public Defender | $1,629,893 | 1.0% | $1,445,773 | 0.8% | $1,629,036 | 0.7% |
| OC Community Resources | $3,117,476 | 1.9% | $3,040,528 | 1.8% | $4,215,201 | 1.7% |
| All Others | $16,868,969 | 10.1% | $16,549,348 | 9.6% | $20,292,359 | 8.3% |
| **Total (using 7-yr. loss histories)** | **$166,705,358** | | **$172,102,778** | | **$245,768,035** | |

# Appendix D: Loss Exposure and General Liability Survey by Department and Risk Management

## Summary

The County of Orange Risk Management (RM) Office requested feedback on current Loss Exposure and General Liability Claims procedures and operations from both departmental liaisons/stakeholders and internal RM staff.

### *Department Liaison Demographics:*

Liaisons were e-mailed a survey link on 2/25/2020 to provide confidential feedback by 3/13/2020. A total of 9 of the 18 invited departments participated[4]. Of the 9 respondents, 55.6% were mid-level managers and 44.4% were department executives (policy/decision makers), with no respondents identifying as a non-supervisory or line supervisor. A majority of respondents had been in their current position and in their current department at least one year but less than five years while the majority of respondents had been in a supervisory role at least ten years.

In addition to the self-identified tenure and role, departments were classified as large or small departments by County RM. Respondents included seven large and two small departments.

| | 1 year or less | At least 1 year, up to 5 years | At least 5 years, up to 10 years | At least 10 years, up to 15 years | More than 15 years | Decline to state |
|---|---|---|---|---|---|---|
| Time in current position | 1 (11.1%) | 7 (77.8%) | 1 (11.1%) | 0 (0.0%) | 0 (0.0%) | 0 (0.0%) |
| Time in current department | 0 (0.0%) | 5 (55.6%) | 2 (22.2%) | 0 (0.0%) | 1 (11.1%) | 1 (11.1%) |
| Time Supervising or higher | 1 (11.1%) | 0 (0.0%) | 1 (11.1%) | 4 (44.4%) | 2 (22.2%) | 1 (11.1%) |

### *County Risk Management Demographics:*

County RM staff were e-mailed a survey link on 3/3/2020 to provide confidential feedback by 3/13/2020. A total of 17 of the 28 invited departments participated, including three partially complete responses. Of the 17 respondents, eight indicated experience or knowledge in loss exposure and general liability claims while eight indicated experience or knowledge in safety training processes. The respondents included five that had experience in both areas and six that did not indicate experience in either area. The analysis of Loss Exposure and Liability only includes the eight County RM staff who indicated experience in this area. Of the eight respondents, 50% were non-supervisory positions, 25% were line supervisors, and 25% were mid-level manager positions, with no respondents identifying as department executives.

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[4] Respondents included representatives from Health Care Agency, Human Resources, John Wayne Airport, OC Animal Care, OC Community Resources, Sheriff-Coroner, and Social Services Agency department.

Slightly more than a third of respondents had been in their current position, department, and Orange County for at least one year but less than five years, with the remaining distributed among categories with more than five years, including some with over fifteen years as outlined in the table below. The supervisory positions had been supervising for either one to five years or ten to fifteen years. In addition to assessing role and tenure, respondents identified the departments they supported. Five respondents provided support for all departments, in addition to identifying specific support for the Sheriff-Coroner, OC Community Resources, County Executive Office, Health Care Agency, John Wayne Airport, and OC Waste and Recycling departments.

| | 1 year or less | At least 1 year, up to 5 years | At least 5 years, up to 10 years | At least 10 years, up to 15 years | More than 15 years | Decline to state |
|---|---|---|---|---|---|---|
| Time in current position | 0 (0.0%) | 3 (37.5%) | 3 (37.5%) | 1 (12.5%) | 1 (12.5%) | 0 (0.0%) |
| Time in current department | 0 (0.0%) | 3 (37.5%) | 1 (12.5%) | 2 (25.0%) | 2 (25.0%) | 0 (0.0%) |
| Time in Orange County | 0 (0.0%) | 3 (37.5%) | 1 (12.5%) | 1 (22.2%) | 3 (37.5%) | 0 (0.0%) |
| Time Supervising or higher | 0 (0.0%) | 2 (25.0%) | 0 (0.0%) | 1 (12.5%) | 0 (0.0%) | 0 (0.0%) |

## 1. Informational Reports:

*__Departmental Assessment:__*

County RM provides information to the departments regarding Loss Exposure trends and claims, including what factors into the County being sued and prevention methods. Only four of the large departments (44.4% of responses) indicated they had received general information from County RM regarding Loss Exposure.

As a part of the provided information, County RM produces an informational metric report summarizing the number of claims and lawsuits filed, litigation costs, and trends for the large departments. The following outcomes are based on questions only shown to those departments identified as large departments who would have received this report.

- Five of the seven responding large departments indicated they had heard of this Informational Metrics Report, but only two had actually reviewed it.

- Of the five who had heard of it, two had personally received it and two had it forwarded to them, with all four indicating the information was useful to the department.

- One department indicated they had not received the report but the department had it, however they did not feel the information was useful to the department.

*__County Risk Management Assessment:__*

Six of the eight (75.0%) County RM staff reporting having access to the Orange County loss exposure data, trends, and claim information, leaving a third of respondents who do not currently have access to this data. The current expectations and responsibilities of the Loss Exposure and General Liability program, based on open feedback from RM staff, are to minimize

liability risks and County costs, reporting on current claims to identify who, how, and at what frequency each claim type occurs to develop training to address these concerns, and providing customer service to answer any questions. Reporting includes bi-annual and annual summaries, with smaller departments having only one or two claims and larger departments having enough claims to conduct trend analyses.

Based upon conversations with the departments, two of the eight respondents (25.0%) indicated the information provided in the large department informational metric reports was useful while three respondents (37.5%) indicated it was not useful. Two others indicated it was not applicable to their departments, with one not answering.

Those who indicated the information was useful stressed the importance of trend knowledge for the departments. Additionally, RM staff monitors political impacts that drive claims, related claims in nearby cities and counties, and new laws and court cases to project future claim patterns. The respondents indicated that the metric report could be improved by expanding the delivery of the data with additional trending and historical benchmarks. Additionally, reports would be enhanced and more valuable with a general explanation of the liability source compared to the department's exposure or risk level, clarified guidance on needed actions to convey urgency on developing trends, and the financial impact to the County and financial impacts to their department.

- The smaller departments have significantly fewer losses and therefore creating trending data and performance metrics can be difficult. Each and every loss can be deemed an outlier and difficult for the smaller departments to manage. If the smaller departments were provided the same data metrics for other county departments, they would have the benefit of observing claim trends throughout the county and they would be able to use those metrics to implement loss prevention measures minimizing loss exposures.

- The departments have a vision to utilize the litigation process to learn and reduce future incidents while we use the opportunity to be successful in the litigation process. Clearly two different perspectives. We work well together to get this done.

- The data presented in reports covers a specific 12-month period and there is no comparison over longer periods of time. There is content language in the reports that is not meaningful to our operation. There is no clear guidance, call to action or sense of urgency to act based on trends that are identified.

- Complete loss runs, including reserves and total incurred, would be helpful.

- OCWR requests cost of claims, open workers' compensation claims, increase premium cost per employee, 5-year trend.

## 2. Sources of Liability:

*Departmental Assessment:*

The next set of questions assessed the knowledge of specific sources of liability and risk within the departments. Overall, two of the nine responding departments (22.2%) were unaware of the sources of liability at the department or the county level, while six were aware of specific liability sources within their departments (66.7%) and five were aware of general sources of liability within the county (55.6%).



Knowledge Areas of Liability
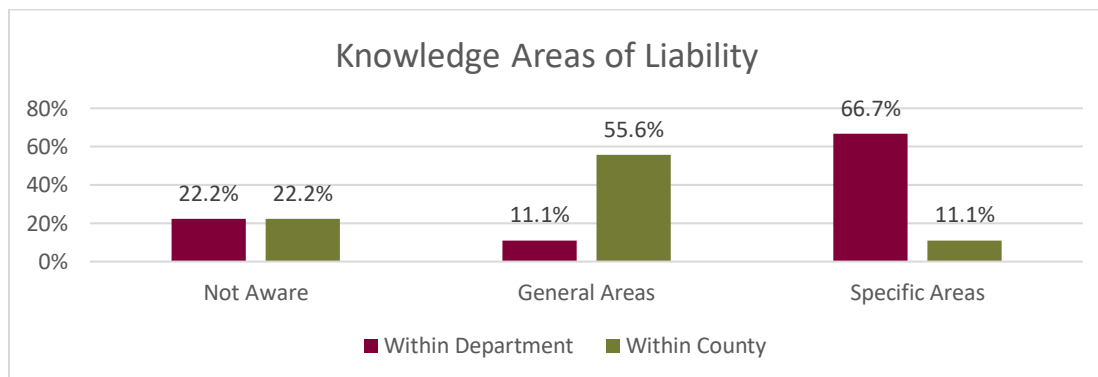
Respondents were asked if they had been informed of each type of claim, and by whom, in addition to identifying the level of understanding of each claim type. The following table summarizes the responses by claim type.

| Type of Claim | Have you been informed and by whom? | Level of Understanding of Potential Loss Exposure |
|---|---|---|
| Civil Rights | 6 of 9 Informed, from coworkers, supervisor, and County RM |  |
| Excessive Force | 1 of 9 Informed, from coworkers, supervisor, and County RM | |
| Service Liability | 4 of 9 Informed, from coworkers, supervisor, and County RM | |
| Employment Action | 7 of 9 Informed, from coworkers, supervisor, and County RM | |
| Auto Liability | 5 of 9 Informed, from coworkers, supervisor, and County RM | |
| Public Claims | 5 of 9 Informed, from supervisor and County RM | |

■ Overall, respondents were most informed on Employment Action and Civil Rights claims and least informed on Excessive Force and Service Liability Claims.

- In all except Public Claims, information came from coworkers, immediate supervisors, and County RM staff.

- The level of understanding of the potential loss exposure varied with respondents most aware of the specific impact of Public claims and Employment Action claims and most aware of the general impact of Civil Rights claims.

- Respondents were least familiar with the impact of Service Liability and Excessive Force claims.

*County Risk Management Assessment:*

Eight of the responding County RM staff identified the level of understanding departmental liaisons had on each of the following six key claim types based on conversations.



Perceived Familiarity of Loss Exposure by Claim Type
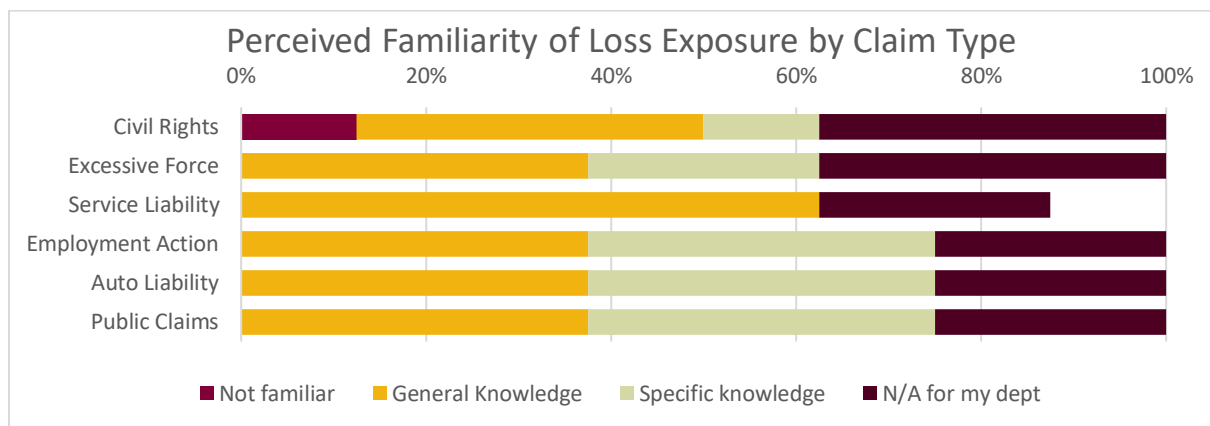
- RM staff indicated department liaisons were most aware of the specific impact of Auto Liability, Employment Action, and Public Claims and most aware of the general impact of Service Liability claims.

- Of the eight respondents, 25% indicated that Service Liability, Employment Action, Auto Liability, and Public claims were not applicable to their departments while 37.5% indicated Civil Rights and Excessive Force were not applicable to their departments.

## 3.  General Liability Information and Training:

### *Departmental Assessment:*

Respondents were asked to rate the availability of knowledge provided by County RM through five statements rated on a five-point scale from Strongly Disagree (1) to Strongly Agree (5). The responses were compared between the two small and five large departments.

|  | Small | Large |
|---|---|---|
| OC Risk Management staff provide general information outlining areas of risk and how to proactively avoid incidents resulting in General Liability claims. | 4.5 | 3.4 |
| OC Risk Management staff summarize current County claims/metrics to inform of problematic areas and methods for proactively minimizing the risk factors. | 4.5 | 3.4 |
| OC Risk Management staff follow up with the Department to discuss individual claims/lawsuits impacting the Department. | 4.0 | 3.3 |
| We have utilized training by the Risk Management staff to better understand current risks and risk prevention strategies. | 5.0 | 3.0 |
| Our department could use additional training/refresher on current risks and risk prevention strategies to avoid General Liability claims.* | 3.0 | 4.3 |

*\*Higher scores on this item indicate a greater need for knowledge.*

Overall, large departments rated the availability of information lower than small departments, with the exception of the need for additional training in which the higher score indicated a desire for more knowledge. The smaller departments agreed to strongly agreed that County RM provides general information and metrics, follows up on individual claims and they have utilized training by RM staff. Larger departments only slightly agreed that County RM provides general information and metrics and follows up on claims. A follow up on why they did not utilize training to better understand indicated the respondents were not aware of the available trainings.

### *County Risk Management Assessment:*

RM staff rated the efficiency of information and training materials provided by County RM through five statements rated on a five-point scale from Strongly Disagree (1) to Strongly Agree (5).

|  | Average |
|---|---|
| Risk Management provides sufficient information to the County Departments related to the specific litigation occurring in their department and the outcomes. | **3.1** |
| The Risk Management Office currently provides effective training opportunities based on loss exposure/liability claims. | **2.6** |
| The department liaisons show interest and actively participate in available training to ensure understanding. | **2.9** |
| I am able to access the data necessary to create new or updated training programs and/or tools that would be beneficial to the departments. | **2.6** |
| I have sufficient resources (materials, access to outside trainers, tools, funding, etc.) to develop and deliver training on the litigation process. | **2.9** |

Overall, County RM staff slightly disagreed that effective training opportunities regarding loss exposure were provided and that the data necessary to update the training was available. Responses did not agree or disagree with the sufficiency of specific litigation information provided to departments, the interest of departmental liaisons during training, and the availability of sufficient resources to develop training.

## 4. Processing Liability Claims

*Departmental Assessment:*

The following section focus on the experiences of staff while working on liability claims using the current processes. Eight of the nine respondents had personally been involved in the defense of litigation on behalf of the county, while one small department had not. The most recent claim within the departments ranged from April 2013 to March 2020, however six of the eight occurred in 2018 or later.

Respondents were asked to rate the level of explanation provided across four aspects of the litigation process using a four-point scale from No Explanation (1) to Well Explained (4). The responses were compared between the two small and five large departments.

| | Small | Large |
|---|---|---|
| Litigation Process | 4.0 | 3.1 |
| Goals of Litigation | 4.0 | 3.0 |
| Potential Outcomes of Litigation | 4.0 | 3.0 |
| Explanation of County Risk Management produced reports | 4.0 | 2.0 |

The small department indicated County Risk Management well explained all aspects of the litigation process so they could explain it to others. However, the average rating across the large departments indicated County Risk Management Adequately explained three of the four aspects so they could complete the process, but not sufficiently enough that they could explain it to others. However, large departments felt that there was only a Basic level of explanation on County Risk Management produced reports and they had follow-up questions.

Six of the eight departments with personal experience using the process indicated they were comfortable with their role in the litigation process. Of these six, three indicated Timely Communication was the most helpful in preparing for the process while the other three indicated Availability of Risk Management staff expertise was the most beneficial. For the two who indicated they were not comfortable with their role in the process, one indicated the need for more timely notification of the steps and settlement process and the other indicated a need for more timely notifications, Risk Management expertise access, training on the process, and the overall loss exposure risks.

*County Risk Management Assessment:*

All eight of the responding County RM staff indicated they were comfortable with their role in Tort claim/litigation process. Respondents were asked to rate the level of explanation required when speaking to departments regarding claims/litigation across four aspects of the litigation process using a four-point scale from No Explanation Needed (1) to Detailed Explanation Required to enable liaison to explain it to others (4). Higher numbers reflect more explanation needed.

| | Average |
|---|---|
| Litigation Process | 3.0 |
| Goals of Litigation | 2.8 |
| Potential Outcomes of Litigation | 2.8 |
| Explanation of County Risk Management produced reports | 2.5 |

- County RM staff indicated needing to provide departmental liaisons with a sufficient level of explanation of the actual litigation process, with slightly less explanation required on the goals and potential outcomes of litigation. However, staff indicate that County produced reports requires just a little more than basic explanation. However, staff indicated that reports produced by the County require additional explanation for their Departments to comprehend the findings.

- Three of the seven respondents in this section indicated the litigation process, goals and outcomes, and RM reports were not applicable to their departments (one did not provide a response).

- Four of the eight respondents identified timely communication to the departments as being the most helpful in preparing for the litigation process with knowledge of potential loss exposure and training on litigation mentioned once each by the other respondents.

## 5. Time Requirements:

*Departmental Assessment:*
The average hours per month spent on work related General Liability was assessed to determine the impact on departmental staff workloads.

- Overall, departments spend an average of 7.3 hours on metrics and reporting, 17.6 hours independently working on general liability claims, and 23.6 hours a month collaborating with County Risk Management staff.

- The amount of time spent gathering and summarizing reporting metrics was about the same regardless of department size.

- The time spent working on claims independently and collaborating with Risk Management staff largely varied, with some large departments aligning with the small department values but others being significantly higher.

| | Minimum | Maximum | Median | Mean | SD |
|---|---|---|---|---|---|
| Hours per month gathering and summarizing metrics, creating reports related to General Liability | 0 | 15 | 8.0 | 7.3 | 5.9 |
| Hours spent per month working independently on General Liability Claims | 0 | 67 | 10 | 17.6 | 23.3 |
| Hours spent per month working with staff from Risk Management on General Liability Claims | 2 | 90 | 5 | 23.6 | 33.8 |
| **Average Hours per month** |  | | | | |

Bar chart values: Metrics and Reporting: 7.3; Independent Claims: 17.6; Collaborating with RM: 23.6

*County Risk Management did not have questions related to departmental time requirements.*

## 6. Department Executive Feedback:

*Departmental Assessment:*

The last set of questions were directed only to the four respondents identified as Department Executives (Policy/Decision Makers), all of which were in larger departments. On a scale from Strongly Disagree (1) to Strongly Agree (5), respondents slightly agreed (average 3.5) that the County Risk Management Office provided them with sufficient information regarding litigation specific to their departments.

Respondents identified when they received information during the litigation process, with the following table identifying the percentage of respondents receiving information at each stage. Overall, departments received less information as the process went on with 100% receiving information on the litigation claim pre-filing, but only 50% receiving information at the resolution of the claim.

| | Pre-filing (claim) | During the investigation process | During alternative dispute resolution | During trial | At resolution | After resolution |
|---|---|---|---|---|---|---|
| At what stage, or stages, of litigation have you generally **received information** about relevant litigation? | 100% | 75% | 50% | 50% | 50% | 25% |
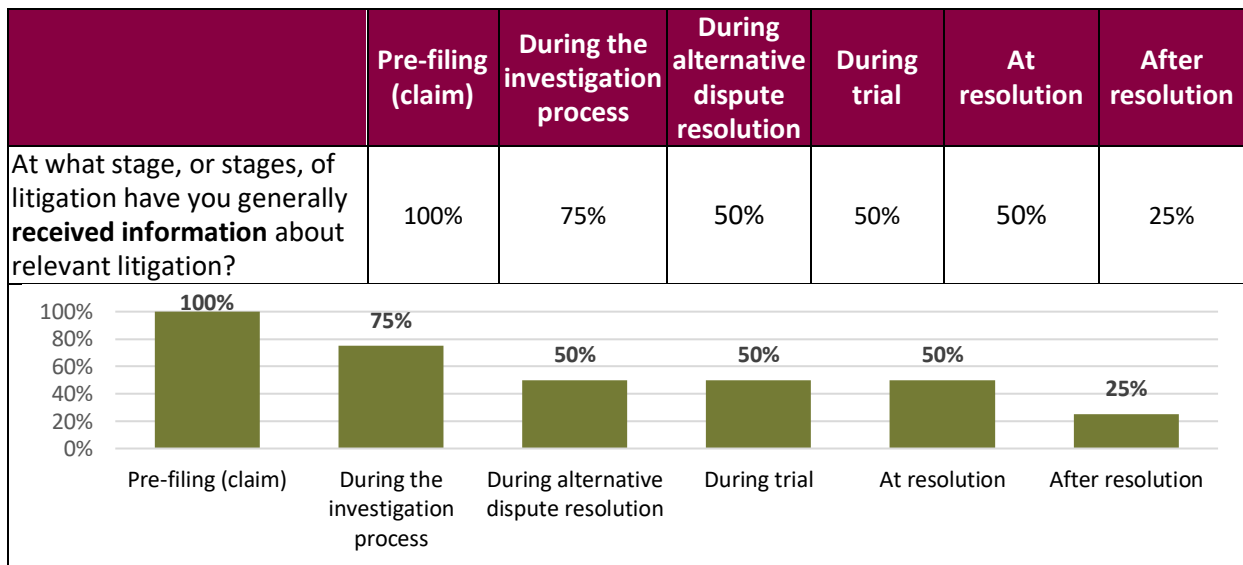


Communication type and frequency were assessed through an evaluation of current and preferred communications to determine the best way to provide information. Overall, Department Executives currently receive minimal information, with e-mails when the claim is filed and at resolution. The preference would be e-mails at milestones, calls as needed, and on occasion an in-person meeting, with no communication through physical mail/ interdepartmental mail. However, it is noted that only two respondents provided feedback on this question.

| Communication Format | Frequency of Past Communication | Frequency of Preferred Communication |
|---|---|---|
| **In-person meeting** | Rarely | Quarterly/semi-annually |
| **Phone call/voice message** | Very rarely | As needed |
| **E-mail** | At claim, resolution | When milestones achieved |
| **Inter-department mail** | Very rarely | Never |
| **Other** | n/a | n/a |

Given the opportunity to provide open feedback on what Risk Management was currently doing to effectively convey information, one Department Executive identified the current claims/metric report as a good source of information.

*County Risk Management Assessment:*

County RM staff identified when they provided information during the litigation process, with the percentage of respondents indicating information is provided at each stage summarized below. Overall, five of the eight RM staff provided information during the pre-filing stage and five provided information during the investigation process. Information was only provided in the later stages by one or two of the eight responding RM staff. After resolution, information is provided in monthly reports for smaller or specific claims, or departments are involved in the settlement process for big losses.

| | Pre-filing (claim) | During the investigation process | During alternative dispute resolution | During trial | At resolution | After resolution |
|---|---|---|---|---|---|---|
| At what stage, or stages, of litigation **do you provide information** to departments regarding relevant litigation? | 55.6% | 55.6% | 11.1% | 11.1% | 22.2% | 11.1% |
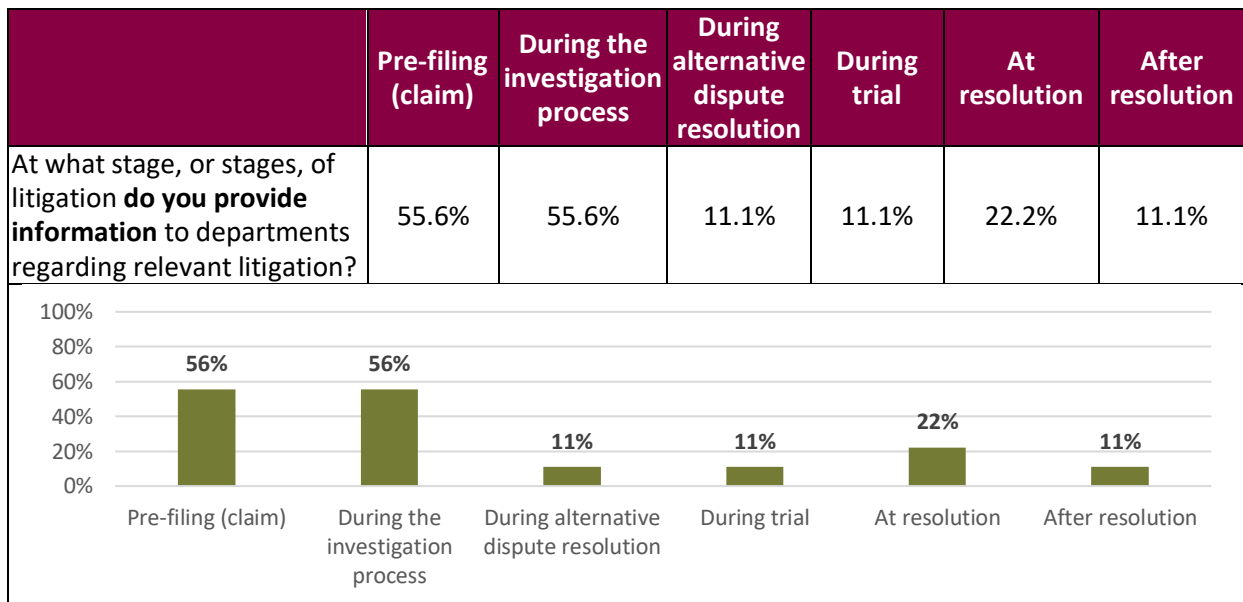


The frequency and type of communications provided during a typical litigation process were assessed to identify current practices. Overall, County RM staff estimated sending approximately 11 mailed items, 10 e-mails, 4 phone calls, and 2 in-person meetings per litigation claim. *This reflects notably more communications per claim than was estimated by departmental staff.*

| Communication Format | Frequency of Provided Communication |
|---|---|
| In-person meeting | 2.1 meetings |
| Phone call/voice message | 4.3 phone calls |
| E-mail | 9.6 e-mails |
| Inter-department mail | 11.4 mailed items |
| Other | n/a |

## 7. Open Ended Feedback:

*Departmental and County HR Assessment:*

All respondents from both the departmental liaison and the County RM were asked to identify the information received from Risk Management that was most beneficial in minimizing risk and exposure to loss and what additional information would help them respond to general liability claims. The raw responses are presented in the tables below, with only identifying information redacted.

| Which information received from Risk Management is most beneficial to your Department in minimizing risks and exposure to loss or responding to general liability claims when they occur? | |
| --- | --- |
| **Departmental Liaisons** | **County RM staff** |
| Claims Status - updates on claims progress Claims Resolution - ability to add detail and other input to assist resolution. | Changes in the law or changes from the court. We have in the past jumped on changes in the law and trained with counsel and the department on same...like warrants for SSA taking endangered children, or not booking and holding misdemeanors etc. |
| Detailed data/metrics | Department metric reports & statistics |
| Information received from defense counsel which they acquired through their investigation. The department isn't always made aware of case information. | I only see pieces of information and not the whole picture. |
| Our Safety Officer provides us an annual report of injury and loss claims | Status Updates |

| What additional services and information would you like to see from Risk Management to help your Department respond to General Liability/Loss Exposure claims more effectively? | |
| --- | --- |
| **Departmental Liaisons** | **County RM staff** |
| Insurance Industry Information - claims trends, updates in loss control, success stories in reducing most frequent/problematic claims. | We are an open door and they know they can reach out and ask and we will answer or find the answer or tell them we cannot, due to litigation, discuss an item. The issue with a public entity is that at first, the department wants to defend the lawsuit, show their policy is good and employees acted well. But when it comes to sending 5 employees up to Los Angeles to be deposed in that litigation, suddenly they want to settle, or agree to mediate to resolve. Much like the private insurance world, a loss from a business is reported to the carrier, and while they work with the insured, and inform them, the insurance company is in control of the litigation, and how they will attack it, defend it and what process that will be. Insured's tend to want to settle so they do not have to deal with the time expense of employees being deposed, or gathering discovery etc. So we inform and keep them in the process, but we have to keep litigation decisions, and the settle, don't settle, go to court discussion with them, but in house for final decision. We try to get buy in whenever possible, and explain we will do the depositions and the employees need that time to prepare and defend. |
| More recommendations from RM staff as well as defense counsel on how the department can improve their policies and practices as an external entity looking in. | Clear data that is more easily interpreted and actionable. |
| Staff training recommendations based on metrics, facility inspections | Communication |

# Appendix E: Safety Training Effectiveness Survey by Department and Risk Management

## Summary

The County of Orange Risk Management Office requested feedback on the effectiveness of current Safety Training procedures and operations from both departmental liaisons/stakeholders and internal risk management staff.

### *Department Liaison Demographics:*

Liaisons were e-mailed a survey link on 2/27/2020 to provide confidential feedback by 3/13/2020. A total of 35 of the 70 invited departments participated[5], including two partially completed responses. Of the 35 respondents, 11 (31.4%) were department executives, 19 (54.3%) were mid-level managers, 3 (8.6%) were line supervisors and 2 (5.7%) were non-supervisory positions. A majority of respondents had been in their current position between one and five years with time in the department split between one and five years or over fifteen years, while a majority of respondents had been working for Orange County over fifteen years. For those in a supervisory role, their time supervising was either one to five years or over ten years. This demonstrates a diversity of experience providing feedback.

In addition to the self-identified tenure and role, departments were classified as large or small departments by County Risk Management based on whether they received informational metrics reports on liability and loss exposure. Respondents included 13 large and 22 small departments.

| | 1 year or less | At least 1 year, up to 5 years | At least 5 years, up to 10 years | At least 10 years, up to 15 years | More than 15 years |
|---|---|---|---|---|---|
| Time in current position | 2 (5.7%) | 21 (60.0%) | 5 (14.3%) | 4 (11.4%) | 3 (8.6%) |
| Time in current department | 1 (2.9%) | 13 (37.1%) | 5 (14.3%) | 4 (11.4%) | 12 (34.3%) |
| Time in Orange County | 0 (0.0%) | 7 (20.0%) | 1 (2.9%) | 5 (14.3%) | 22 (62.9%) |
| Time Supervising or higher *(if applicable)* | 0 (0.0%) | 9 (25.7%) | 4 (11.4%) | 8 (22.9%) | 11 (31.4%) |

### *County Risk Management Demographics:*

County Risk Management staff were e-mailed a survey link on 3/3/2020 to provide confidential feedback by 3/13/2020. A total of 17 of the 28 invited departments participated, including three partially complete responses. Of the 17 respondents, eight indicated experience or knowledge in loss exposure and general liability claims while eight indicated experience or knowledge in safety training processes. The respondents included five that had experience in both areas and six that did not indicate experience in either area. The analysis of the Safety Training Effectiveness only includes the eight County Risk Management staff who indicated experience in this area. Of the eight respondents, 5 (62.5%) were non-

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[5] Respondents included representatives from the Assessor, Auditor-Controller, Child Support Services, Clerk of the Board, County Counsel, County Executive Office, District Attorney, Health Care Agency, Human Resources, Internal Audit, John Wayne Airport, OC Community Resources, OC Public Works, OC Waste and Recycling, Probation, Public Defender, Sheriff-Coroner, Social Services Agency, and Treasurer-Tax Collector departments.

supervisory positions, 1 (12.5%) was a line supervisor, and 2 (25%) were mid-level manager positions, with no respondents identifying as department executives.

Half of the respondents had been in their current position, department, and with Orange County for between one and five years, with the remaining distributed across categories with more than five years including just over a third who had been with Orange County for over 15 years. The three supervisory positions had been supervisory for one to ten years.

In addition to assessing role and tenure, respondents identified the departments they supported. Three respondents while other respondents supported the County Executive Office, Health Care Agency, John Wayne Airport, OC Community Resources, OC Public Works, OC Waste and Recycling, Probation, and the Sheriff-Coroner departments.

| | 1 year or less | At least 1 year, up to 5 years | At least 5 years, up to 10 years | At least 10 years, up to 15 years | More than 15 years |
|---|---|---|---|---|---|
| Time in current position | 0 (0.0%) | 4 (50.0%) | 2 (25.0%) | 1 (12.5%) | 1 (12.5%) |
| Time in current department | 0 (0.0%) | 4 (50.0%) | 2 (25.0%) | 1 (12.5%) | 1 (12.5%) |
| Time in Orange County | 0 (0.0%) | 4 (50.0%) | 1 (12.5%) | 0 (0.0%) | 3 (37.5%) |
| Time Supervising or higher *(if applicable)* | 0 (0.0%) | 2 (25.0%) | 1 (12.5%) | 0 (0.0%) | 0 (0.0%) |

## 1. Training Availability:

***Departmental Assessment:***

The five non-supervisory and line supervisor positions assessed the availability and importance of safety training from the perspective of those who conduct the work on a regular basis.

- The average priority of safety training was 8.1 on a scale from 0 (not a priority) to 10 (highest priority), with answers ranging from 6.1 to 10.0.

- Multiple factors impacted the perceived lower priority of safety training with the most frequently mentioned factor being a lack of clarity on current safety standards including frequent changes to acceptable and/or approved trainings.

- The lack of time, absence of a department specific safety specialist, insufficient safety drills, and lack of resources from County Risk Management were also each mentioned once.

The number of safety and occupational health trainings received in the last two years varied with larger departments receiving at least three trainings, while two of the three responding smaller departments indicated not receiving any training. The availability of County Risk Management provided trainings was inconsistent between small department responses. One indicated receiving internal training on safety/occupational issues from a County Safety Representative while another had to hire an outside vendor for First Aid/CPR/AED training, but would prefer to have County Risk Management resume the trainings.

*County Risk Management Assessment:*

County RM rated the priority departments place on identifying and addressing safety issues on a scale from 0 to 10. Responses ranged from 1.0 to 9.9, with an average perceived priority of 4.7. Based on interactions with the departments, respondents identified factors that impacted the priority of safety training with five of the eight (62.5%) RM staff indicating there was no time for safety training, four of the eight (50%) indicating safety was not prioritized by management, and two (25%) indicating there was uncertainty on the training standards. There was also one mention of the lack of a safety specialist in the department, insufficient safety drills, and a lack of positive consequences of generating results.

## 2. Work Environment Safety and Accountability:

*Departmental Assessment:*

The non-supervisory and line supervisors provided feedback on the current requirements to ensure a safe working environment. Respondents were asked to rate the clarity and availability of required trainings to ensure employees are maintaining a safe work environment on a five-point scale from Strongly Disagree (1) to Strongly Agree (5). The responses were compared between the twenty-two small and thirteen large departments.

| | Small | Large |
|---|---|---|
| My department invests a lot of time and money in safety training for employees. | 4.0 | 4.5 |
| In my department, there is a system to obtain all of the mandated and required safety training programs. | 4.5 | 3.0 |
| In my department, each position has identified standards for mandated and required safety training programs. | 4.0 | 4.0 |
| Each position has access to and the ability to attend the required safety training programs. | 5.0 | 4.5 |

- For the most part, both small and large departments agreed that the departments invest time and money into safety training, with identified standards and the ability to obtain and attend the mandated trainings. The exception being the large departments being unsure if they had a system in place to obtain all of the mandated training programs.

Additional statements assessed the ability to address unsafe or dangerous working conditions using the same five-point scale.

| | Small | Large |
|---|---|---|
| Clear procedures to report any concerns of unsafe or dangerous conditions in the workplace are clearly explained to staff as a part of current safety training. | 4.5 | 4.5 |
| Safety training programs are developed and delivered, either by the Department or Risk Management, to mitigate any identified unsafe or dangerous conditions. | 4.5 | 3.5 |
| There are clear procedures for contacting sources outside the department in the event that an identified safety hazard has not been resolved. | 4.5 | 3.0 |

- The small departments firmly agreed that there was a clear procedure to report unsafe conditions with follow up training to address the issue, and a clear procedure on who to contact outside the department if it was not addressed satisfactorily.

- The larger departments firmly agreed that there was a clear procedure to report unsafe conditions, but only slightly agreed that follow up training was provided, and had contrasting opinions of disagree and agree on the existence of clear procedures for contacting someone outside the department if the issue was not resolved.

Supervisors and managers are accountable for avoiding or addressing injuries and safety incidents in their respective areas. All respondents indicated the way(s) supervisors were held accountable in the small and large departments, with the percentage of small and large departments identifying each accountability method summarized below.

| | Small (n=22) | Large (n=13) |
|---|---|---|
| Required to complete job safety analyses on a routine basis. | 27.3% | 23.1% |
| Required to complete safety training on a regular basis, regardless of occurrence of incidents. | 68.2% | 76.9% |
| Required to provide staff the correct tools and resources to avoid injury and safety incidents. | 68.2% | 100% |
| Required to document identified hazards, correcting the situation to ensure a safe working environment. | 63.6% | 100% |
| Required to conduct a thorough root-cause analysis to determine how the injury or safety incident occurred. | 40.9% | 53.9% |
| Required to complete a refresher course personally on impacted area | 31.8% | 30.8% |
| Required to hold staff accountable for safety practices, implementing refresher or training courses to avoid future similar incidents | 68.2% | 69.2% |
| Other | 9.1% | 3.3% |

- ■ Large departments primarily utilized provision of the correct tools and resources and documenting and correcting any notated hazards as the primary means of holding supervisors accountable as identified by 100% of respondents.
- ■ Unlike the large departments, there was no single method that was identified by all respondents, but rather they were spread across the methods. Small departments utilized regular safety training, provision of the correct tools and resources, and holding staff accountable for safety practices, along with documenting and correcting any documented hazards as the primary means of holding supervisors and their staff accountable.
- ■ The least commonly cited accountability method was the completion of routine job safety analyses and completion of refresher courses on impacted areas.

*County Risk Management Assessment:*

County Risk Management staff provided feedback on the clarity of current requirements and availability of the required courses to ensure employees are maintaining a safe work environment on a five-point scale from Strongly Disagree (1) to Strongly Agree (5).

| | Small |
|---|---|
| The County has a system in place identifying mandated safety training requirements for each position or classification within the County. | 2.8 |
| The departments have access to and the ability to sign up/attend or request the mandated safety training programs. | 3.2 |
| OC Department staff have the tools and/or equipment needed to do their work safely | 3.8 |
| There are clear procedures for contacting sources outside the OC Departments in the event that an identified safety hazard has not been resolved. | 3.6 |
| New safety training programs are developed and delivered, either by the OC Departments or Risk Management, to mitigate any identified unsafe or dangerous conditions. | 3.8 |
| OC Department staff proactively work with County Risk Management staff to address any safety issues noted during safety analyses or incidents | 3.6 |

- ■ County Risk Management staff slightly disagreed that there was a system to identify the mandated safety requirements for each classification while slightly agreeing that the departments have access and ability to sign up for mandated safety programs.

- ■ Respondents mostly agreed that department staff have the tools to do their work safely.

- ■ Respondents slightly agreed that department and County Risk Management staff proactively address noted safety issues and that there are clear procedures for reaching outside of the department to address unresolved safety concerns, and mostly agreed that new safety training programs were developed to mitigate identified safety concerns.

While department staff identified that there are clear procedures to report unsafe work conditions, it is important to understand how supervisors are held accountable across the departments. Risk Management staff identified the method(s) utilized to hold supervisors accountable for avoiding or addressing injuries and safety incidents based on their interactions with the departments. The percentage of the County Risk Management staff identifying each accountability method is below.

| | Percent |
|---|---|
| Required to complete job safety analyses on a routine basis. | 0% |
| Required to complete safety training on a regular basis, regardless of occurrence of incidents. | 50% |
| Required to provide staff the correct tools and resources to avoid injury and safety incidents. | 50% |
| Required to document identified hazards, correcting the situation to ensure a safe working environment. | 25% |
| Required to conduct a thorough root-cause analysis to determine how the injury or safety incident occurred. | 50% |
| Required to complete a refresher course personally on impacted area | 25% |
| Required to hold staff accountable for safety practices, implementing refresher or training courses to avoid future similar incidents | 25% |
| Other | 75% |

■ RM staff primarily identified regular training, provision of the correct tools/resources, and conducting thorough root-cause analyses to determine how the unsafe incident occurred as the primary means of holding supervisors accountable.

■ The least commonly cited accountability method was the completion of routine job safety analyses. However, one of the RM staff indicated that they have been developing living job safety analyses to better educate an employee on accomplishing specific tasks and avoiding injury, notating that the analyses could be updated to address new hazards.

■ The percentage of RM staff who identified each method was lower than both the small and large departments, with only one or two of the four responding RM staff identifying each method.

■ Under the "Other" category, RM staff indicated that nothing is required but it is recommended, and that they provide oversight over all the identified methods which are a part of the IIPP.

## 3. Collaboration of Resources:

***Departmental Assessment:***
All respondents rated the current cooperation level between departmental and County Risk Management staff in developing and providing new safety training on a five-point scale from Strongly Disagree (1) to Strongly Agree (5). Overall, respondents slightly agreed that there was a cooperative relationship with an average rating of 3.6 with large departments rating the relationship slightly higher with an average of 3.69 while smaller departments rated it slightly lower with an average of 3.55.

Focusing in on the availability of safety training resources, the three line-supervisors and nineteen mid-level managers provided feedback on the following questions.

Orange County has a number of positions involved in safety training. The familiarity with each of these positions was assessed to identify the level of knowledge of these available resources. The percentage of departments at each familiarity level is summarized below, split by department size, producing the following findings.

■ Interaction with each resource was the most common familiarity level for both small and large departments.

■ Small departments had the most familiarity with County Safety Representatives while large departments had the most familiarity with the CEO/Risk Management Safety Specialists.

■ Approximately a third of the small departments were not familiar with the CEO/Risk Management Safety Specialists.

| | Dept. Size | Do not know who this is | Know the name of this person | Know how to contact this position | Interacted with this position |
|---|---|---|---|---|---|
| CEO/Risk Management Safety Manager | Small | 7.7% | 15.4% | 15.4% | 61.5% |
| | Large | 11.1% | 11.1% | 33.3% | 44.4% |
| CEO/Risk Management Safety Specialists | Small | 30.8% | 7.7% | 15.4% | 46.2% |
| | Large | 0.0% | 22.2% | 22.2% | 55.6% |
| County Safety Representative (CSR's) | Small | 7.7% | 0.0% | 23.1% | 69.2% |
| | Large | 11.1% | 11.1% | 33.3% | 44.4% |

The line supervisors and mid-level managers identified their involvement in safety training activities. The following table summarizes the number and percentage of respondents involved in each component of safety training.

| | Small (n=13) | Large (n=9) |
|---|---|---|
| Not Involved at all | 1 | 0 |
| Kept informed, but not directly involved | 3 | 1 |
| Assist in the selection/coordination of training activities | 7 | 6 |
| Assist in the development or feedback of training materials | 9 | 7 |
| Assist in the delivery of the training activities | 6 | 4 |
| Provide task-specific training to my direct reports | 3 | 3 |
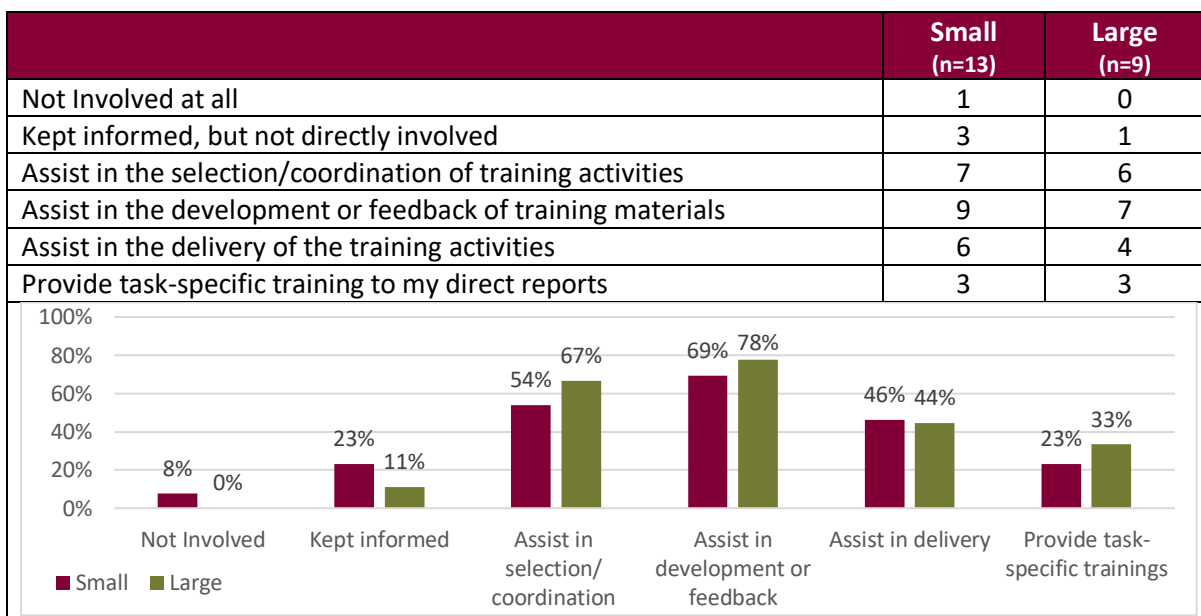


- Overall, the patterns of involvement were fairly consistent between small and large departments, with the majority of respondents involved in the selection/coordination of training and in the development or feedback of training.

- A higher percentage of the large departments were involved in each of the training components, except for delivery which was similar to the smaller departments.

- One of the smaller departments indicating not being involved and a higher percentage of small departments indicated they were kept informed but not involved.

Orange County Risk Management assists each department by providing training resources/trainers upon request. Respondents rated the effectiveness of each type of resource on a five-point scale from Strongly Disagree (1) to Strongly Agree (5). The average rating by department size is below.

|  | Small | Large |
|---|---|---|
| Internal Trainers are an effective resource for my department. | 3.3 | 4.0 |
| External Trainers are an effective resource for my department. | 3.2 | 4.1 |
| Online Training is an effective resource for my department. | 3.1 | 4.2 |
| Overall, I have effective resources to ensure safety training is conducted in my department. | 2.9 | 3.9 |
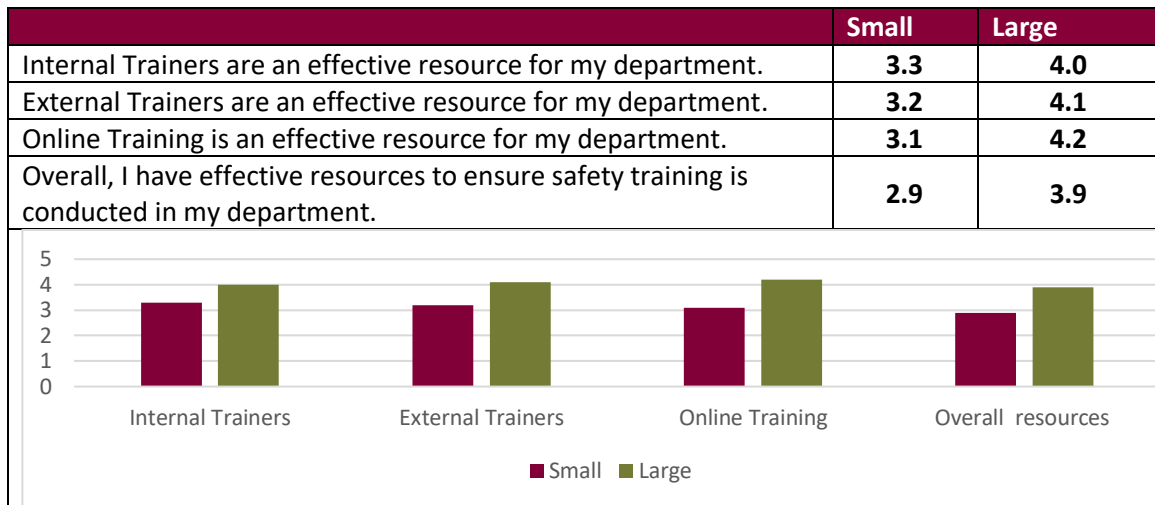


- Large departments solidly agreed that all the resources were effective, while small departments were more ambiguous with average ratings neither agreeing or disagreeing that the resources were effective for their departments.

- Large departments rated online training as slightly more effective followed by external trainers and then internal trainers. Small departments reported the inverse with internal trainers rated as slightly more effective followed by external trainers and then online training.

### *County Risk Management Assessment:*

County Risk Management staff identified their personal involvement in the safety training activities with their assigned departments. The following table summarizes the number and percentage of the seven respondents involved in each component of safety training.

|  | Percent of RM staff |
|---|---|
| Not Involved at all | 0 (0%) |
| Kept informed, but not directly involved | 2 (28.6%) |
| Assist in the selection/coordination of training activities | 5 (71.4%) |
| Assist in the development or feedback of training materials | 3 (42.9%) |
| Assist in the delivery of the training activities | 4 (57.1%) |
| Other Involvement | 1 (14.3%) |

Overall, the majority of staff are involved in the selection and coordination of training activities and in the delivery of training with at least half of respondents assisting in these activities, and to a slightly lesser extent, the development of training materials. Overall, Risk Management respondents unanimously agreed that they had adequate resources to conduct safety training for their departments.

The most prevalent involvement was the selection and coordination of training and trainers upon request. Respondents rated the perceived effectiveness of each type of trainer resource on a five-point scale from Strongly Disagree (1) to Strongly Agree (5). The average rating per resource type is summarized below.

| | Average |
|---|---|
| Internal Trainers are an effective resource for my departments. | **4.0** |
| External Trainers are an effective resource for my departments. | **4.0** |
| Online Training is an effective resource for my departments. | **4.0** |
| Overall, I have effective resources to ensure safety training is conducted in my departments. | **3.6** |

- County Risk Management staff solidly agreed that all the trainer resources were effective, while slightly agreeing that overall resources are sufficient to ensuring safety training is conducted.

- The average ratings of the County Risk Management staff more closely align with the perceived effectiveness by the larger departments.

Risk Management staff also rated a series of five statements assessing the current training processes and impact on a five-point scale from Strongly Disagree (1) to Strongly Agree (5).

| | Average |
|---|---|
| The Risk Management Office provides or helps obtain effective training opportunities based on safety concerns, best practices and mandated training. | **3.6** |
| Risk Management and OC departmental staff have a cooperative relationship in developing and providing new safety training. | **3.8** |
| The OC departments actively participate in safety trainings to ensure understanding. | **3.6** |
| I am able to access the data necessary to create new or updated safety training programs and/or tools that would be beneficial to the OC departments | **3.6** |
| I have sufficient resources (materials, access to outside trainers, tools, funding, etc. ) to develop and deliver safety training | **3.8** |

- Respondents mostly agreed that Risk Management and departmental staff have sufficient resources (tools, trainers, etc.) to cooperatively develop and provide new safety training and slightly agreed that they had the data necessary to create new or modified training programs or tools.

- Respondents slightly agreed that the Risk Management Office helps provide effective training opportunities based on safety concerns and that the OC departments actively participated in the safety trainings.

## 4. Training Oversight/Administrative Tracking:

***Departmental Assessment:***

The following questions were given to respondents who identified as Department Executives. This includes eleven survey respondents, four from large departments and seven from small departments.

Seven of the eleven respondents (63.6%) indicated they do have a clearly designated party responsible for overseeing safety training, with six having one departmental representative and one relying on the supervisor of each work unit. The level of interaction with County Risk Management

varied with three indicating they reached out for assistance on non-routine questions, two working collaboratively to identify safety requirements and class availability, and one working independently to conduct training. The supervisors over each work unit work collaboratively with County Risk Management as needed. In contrast, four of the eleven respondents (36.4%) indicated they do not currently have a designated party responsible for overseeing safety training and rely on County Risk Management as their Safety Specialist.

Employee training records are maintained by all responding departments. Nine of the eleven respondents (81.8%) indicated the records are shared with County Risk Management upon request, one worked collaboratively with County Risk Management to record and report on training compliance, and one indicated it is the departments responsibility to track records. The method for sharing the training records could vary depending on the type of request received, but the most commonly cited method was through scanned and e-mailed training participation lists. When asked about the availability of an electronic tracking system that could be used by all departments, six (54.5%) indicated Orange County currently has an electronic tracking system while three (27.3%) indicated the County does not have a system, and two (18.2%) were unsure of the existence of this type of system.

### *County Risk Management Assessment:*

Based on their work with the departments, County Risk Management staff identified if the departments they worked with had a designated representative responsible for overseeing safety training. Four of the seven respondents indicated their departments had one departmental liaison, one indicated the departments rely on County Risk Management, and two were not sure if the departments had designated representatives.

Respondents identified the ways that the County Safety Representatives (CSR) interacted with County Risk Management, with four of six respondents indicated CSRs reached out to County Risk Management for non-routine questions, while two mentioned working collaboratively on identifying training requirements, two worked together administering training, and one indicated collaborative efforts in developing training. Two respondents indicated that the CSRs independently conducted safety training and two indicated that Risk Management Safety Specialists are the departmental CSRs.

In addition to identifying categories of collaboration, one staff member indicated that the assignments were ineffective due to the lack of authority over the employees and general lack of training or background in the assigned area, causing the County to consider shifting the responsibility for training back to the immediate supervisors.

In terms of training records, three respondents indicated that records are shared with County Risk Management upon request, one respondent indicated County Risk Management is updated through regular updates to Eureka, and one indicated it was the departments responsibility to track and maintain records. Records are provided to County Risk Management via e-mail, updates to Eureka, or through a review of physical safety meeting forms during annual audits/inspections. Of note, four of the five respondents acknowledged the existence of an online tracking system while one indicated an electronic system is not available to departments yet.

## 5. Specific Training Course Effectiveness:

*Departmental Assessment:*

The next section asked all respondents to rate the effectiveness of a series of training courses using a four-point scale from Not effective (1) to Very Effective (4), with the option to indicate not applicable to their department as needed. The average effectiveness rating and percent of small and large departments preferring each method is outlined below. This table is shaded as a heat map to help identify courses that are currently perceived as effective (light green – average of 3.00 to 4.00), somewhat effective (yellow – average of 2.0 to 2.99), or not very effective (orange – average less than 2.00).

Additionally, respondents were able to indicate their preferred method of delivery between internal trainers, external trainers, or online training. The percentage of small or large departments indicating each method is documented in the right side of the table with the most preferred method for each department size shaded in blue (ties for the highest are both shaded).

| Training Course | Dept. size | Average Effectiveness | N/A to dept. | Internal Trainer | External Trainer | Online Training |
|---|---|---|---|---|---|---|
| Office Safety | Small | 2.94 | *n*=2 | 36.4% | 13.6% | **54.5%** |
| | Large | 2.36 | *n*=1 | **46.2%** | 15.4% | **46.2%** |
| Fire Safety | Small | 2.81 | *n*=3 | 22.7% | 27.3% | **36.4%** |
| | Large | 2.36 | *n*=0 | **46.2%** | 23.1% | **46.2%** |
| Medical Safety (CPR, First Aid, etc.) | Small | 3.07 | *n*=4 | 22.7% | **59.1%** | 13.6% |
| | Large | 2.50 | *n*=2 | 23.1% | **53.8%** | 7.7% |
| Equipment/Maintenance Safety | Small | 2.60 | *n*=8 | **40.9%** | 13.6% | 18.2% |
| | Large | 2.40 | *n*=2 | **38.5%** | 23.1% | 30.8% |
| Intruder/Active Shooter Safety | Small | 2.60 | *n*=4 | **36.4%** | **36.4%** | 18.2% |
| | Large | 1.80 | *n*=2 | 23.1% | **46.2%** | 38.5% |
| Road Safety/Driving Safety | Small | 2.44 | *n*=3 | **36.4%** | 31.8% | 22.7% |
| | Large | 2.20 | *n*=2 | 23.1% | **46.2%** | 15.4% |
| Hazard Communication | Small | 2.67 | *n*=4 | **50.0%** | 18.2% | 27.3% |
| | Large | 2.20 | *n*=2 | **38.5%** | 15.4% | 30.8% |
| Ergonomics | Small | 3.00 | *n*=2 | **63.6%** | 31.8% | 27.3% |
| | Large | 2.58 | *n*=0 | **53.8%** | 15.4% | 38.5% |
| Back/Lifting Safety | Small | 2.88 | *n*=3 | **50.0%** | 27.3% | 31.8% |
| | Large | 2.42 | *n*=0 | **38.5%** | 23.1% | 30.8% |
| Industrial Truck Operations | Small | 3.00 | *n*=15 | **22.7%** | 9.1% | 0.0% |
| | Large | 2.25 | *n*=9 | **30.8%** | 15.4% | 7.7% |
| Respirator Protection | Small | 2.75 | *n*=15 | **18.2%** | 4.5% | 9.1% |
| | Large | 2.44 | *n*=3 | **30.8%** | **30.8%** | 15.4% |
| Hearing Conservation | Small | 3.00 | *n*=14 | **18.2%** | 13.6% | 9.1% |
| | Large | 2.43 | *n*=6 | **30.8%** | 23.1% | 15.4% |
| Lock-out/Tag-out | Small | 2.25 | *n*=15 | **22.7%** | 9.1% | 0.0% |
| | Large | 1.25 | *n*=9 | **15.4%** | **15.4%** | **15.4%** |
| Confined Space Entry | Small | 2.25 | *n*=15 | **13.6%** | 9.1% | 0.0% |
| | Large | 1.25 | *n*=9 | **15.4%** | **15.4%** | **15.4%** |

| Training Course | Dept. size | Average Effectiveness | N/A to dept. | Internal Trainer | External Trainer | Online Training |
|---|---|---|---|---|---|---|
| Heat Illness Prevention | Small | 2.64 | n=8 | **31.8%** | 4.5% | **31.8%** |
| | Large | 2.50 | n=3 | **46.2%** | 23.1% | 15.4% |
| Bloodborne Pathogen | Small | 2.33 | n=15 | **18.2%** | 0.0% | 9.1% |
| | Large | 2.33 | n=0 | **46.2%** | 38.5% | 30.8% |
| Aerosol Transmissible Disease | Small | 2.50 | n=16 | 4.5% | 0.0% | **13.6%** |
| | Large | 2.10 | n=2 | **46.2%** | 23.1% | 30.8% |
| Supervisor Safety | Small | 2.61 | n=1 | 27.3% | **36.4%** | 27.3% |
| | Large | 2.33 | n=0 | **61.5%** | 46.2% | 23.1% |
| Wildfire Smoke Prevention | Small | 2.00 | n=11 | 13.6% | 4.5% | **18.2%** |
| | Large | 2.13 | n=4 | **30.8%** | 15.4% | **30.8%** |
| Incident Reporting and Investigation | Small | 2.53 | n=2 | **50.0%** | 13.6% | 22.7% |
| | Large | 2.17 | n=0 | **69.2%** | 23.1% | 46.2% |
| Root-cause Analysis | Small | 2.38 | n=3 | **40.9%** | 13.6% | 31.8% |
| | Large | 2.00 | n=1 | **46.2%** | 23.1% | 30.8% |
| Job Safety Analysis | Small | 2.43 | n=4 | **50.0%** | 13.6% | 22.7% |
| | Large | 1.91 | n=1 | **53.8%** | 30.8% | 23.1% |
| Slips/Trips/Falls | Small | 2.75 | n=3 | **40.9%** | 13.6% | 36.4% |
| | Large | 2.33 | n=0 | **61.5%** | 23.1% | 38.5% |
| Fall Protection | Small | 2.71 | n=4 | 31.8% | 9.1% | **36.4%** |
| | Large | 2.40 | n=2 | **53.8%** | 15.4% | 38.5% |
| Portable Ladder Safety | Small | 2.67 | n=9 | **31.8%** | 4.5% | 18.2% |
| | Large | 2.00 | n=3 | **53.8%** | 15.4% | 23.1% |
| Welding Safety | Small | 3.00 | n=15 | **13.6%** | 0.0% | 0.0% |
| | Large | 1.60 | n=7 | **38.5%** | 15.4% | 15.4% |
| Emergency Action/Fire Prevention | Small | 2.71 | n=5 | **45.5%** | 13.6% | 27.3% |
| | Large | 2.20 | n=2 | **61.5%** | 15.4% | 38.5% |
| OSHA Record keeping (including OSHA 300 logs) | Small | 3.00 | n=3 | **40.9%** | 13.6% | 27.3% |
| | Large | 2.36 | n=1 | **69.2%** | 30.8% | 23.1% |
| Injury and Illness Protection | Small | 2.88 | n=3 | **54.5%** | 18.2% | 31.8% |
| | Large | 2.64 | n=1 | **61.5%** | 23.1% | 46.2% |
| Portable Extinguisher Training | Small | 2.43 | n=3 | **40.9%** | 18.2% | 22.7% |
| | Large | 1.78 | n=3 | **46.2%** | 30.8% | 15.4% |

An examination of the average effectiveness ratings produced the following key points:

- The overall effectiveness rating was 2.66 for small departments and 2.17 for large departments, reflecting an effectiveness level between "somewhat effective" at 2.0 and "effective" at 3.0.

- Of the 30 courses, six received an average rating of 3.0 or above, with 3.0 being the minimum to be considered effective, with all six coming from small departments. This included the courses on Medical Safety, Ergonomics, Industrial Truck Operations, Hearing Conservation, Welding Safety, and OSHA Record Keeping.

■ Of the 30 courses, six received an average rating below 2.0 indicating they were less than somewhat effective, with all six coming from large departments. This included the courses on Intruder/Active Shooter Safety, Lock-out/Tag-out, Confined Space Entry, Job Safety Analysis, Welding Safety, and Portable Extinguisher Training.

Respondents had the option of indicating a particular course was not applicable to their department, resulting in the following observations:

■ Across the 30 courses, an average of 32.1% of responding small departments indicated a course was not applicable to their department (equivalent to 7.1 out of 22 responding small departments). An average of 19.7% of responding large departments indicated the course was not applicable to their departments (equal to 2.6 of 13 responding large departments).

■ A few small departments indicated some universal training topics did not apply to them, presenting the possibility of not seeing the importance of these topics. This included Fire Safety, Medical Safety, Ergonomics, Intruder Safety, and Emergency Action/Fire Protection among others.

Responding departments identified the preferred trainer method for each of the courses, with an option to select any that apply. An examination of the average percentage of departments who preferred each delivery method produced the following themes:

■ An average of 33% of small departments preferred internal trainers across the course types, followed by 21.5% preferring online training, and 16.1% preferring external trainers.

■ In a similar pattern, an average of 43.3% of large departments preferred internal trainers across the course types, followed by 27.4% preferring online training, and 25.1% preferring external trainers. The difference between online and external trainers was only 2.3% and is relatively negligible.

■ For a majority of the courses, the small and large departments preferred the same trainer method, or at least had a tie for a shared method. This included 21 of the 30 course topics where both small and large departments preferred internal trainers (70%), 2 of the 30 topics that both preferred external trainers (6.7%), and 3 of the 30 topics where both preferred online training (10%).

■ The small and large departments preferred different trainer methods for the remaining four course topics, including Road Safety/Driving Safety, Aerosol Transmissible Disease, Supervisor Safety, and Fall Protection.

## 6. Safety Trainings Open Feedback:

*Departmental Liaison and County Risk Management Assessment:*

All departmental respondents and County Risk Management staff were asked for suggestions to help make the trainings more effective overall. The raw responses are presented in the tables below, with only identifying information redacted.

The key ideas for things that could use improvement were:

- Guide identifying needed general training and classification specific training

- Implementation of knowledge check at the end of training and discussion/examples of how to apply once back on the job

- Real life experience/practice instead of just reading about it

- Consistent training for all agencies with a centralized County wide guideline
- More class time options, reduce travel by bringing classes to department or online.
- The RM staff indicated a lack of senior leadership guidance and interest within the departments.

| Is there anything that would help make the safety trainings more effective overall? | |
| --- | --- |
| **Departmental Liaisons** | **County RM staff** |
| Effective training needs to have a knowledge check at the end of every training along with a follow up inspection of training records and employee Q&A. Once the training is completed, there is still a need to follow up with the employees once they are back on the job. This helps with retention of diminishing skills and creates a greater accountability than just a check the box mentality. Some of the training materials are covered, such as maintenance, however, it is very basic in nature and employees received additional training as it relates to specific pieces of equipment and tools. | For the most part, worksite supervisors are receptive and welcome my participation and help offered to them and we are making good progress. But it's the lack of guidance or directive from senior leadership that seems missing. These seems very little interest in what they can do to help execute effective solutions that drive results. |
| Content revisions that include up to date methods and scenarios. CHANGE THE SAFETY CULTURE | |
| A centralized training that is proctored/administered by Risk Mgmt. via online tracking to ensure all required training takes place when due. | |
| Honestly, my beef with the training is mainly rooted in the fact that there isn't enough being offered. I am sure that all of these would be getting higher ratings if they offered more classes. I think that if they contract some of the training out to a private vendor, they would have more time to provide more of the training on the internal safety policies. Also, if an outside vendor would provide the training, we could hopefully get the training as a one-day training onsite versus sending employees down to the Risk building on random days and times. | |
| I didn't know a lot of these trainings were available. I'm new to the safety role and felt like I received no guidance on what courses to take. | |
| I have attended a lot of the safety trainings provided by Risk Management and they have all been very good, effective and informative. If I had my choice though I would prefer online trainings whenever possible so I can fit, it into my schedule as needed and complete from my office. | |

| Is there anything that would help make the safety trainings more effective overall? | |
|---|---|
| **Departmental Liaisons** | **County RM staff** |
| I really wish that the training for the different Dept/Agencies would be mandated and people held accountable. Additionally, tracking is currently very difficult. I believe that when everyone gets on the new training system this will be easier. | |
| I selected NA above both if the topic presented had never been taught to my department, and if it did not apply to my department. More county safety statistics would be useful. Less emphasis on icebreakers. Start and end on time. Less reading from the slides and more experiential information from the safety reps. | |
| In person training not being provided. | |
| It would be more effective if there was continuity through-out the county. right now, each department does its own thing. | |
| It would be nice to have more than just one STO. | |
| Make them available online and on demand. | |
| 1) More hands-on experience (e.g., using an actual fire extinguisher, rather than reading a document about fire extinguishers)<br>2) Subject matter experts to provide training or additional training for our supervisors who are required to provide training (Train-the-Trainer)<br>3) Classes provided at the location where employees work, (e.g.; at the landfill, rather than downtown Santa Ana, because this requires us to reimburse for travel, and disrupts operating schedules.)<br>4)More proactive schedule of class options - it would he more helpful if the CEO Risk provided a schedule of classes available, so employees could schedule to meet their training requirements. | |
| More training offered on site. | |
| Passing a quiz to demonstrate retention. | |
| There is very little standardized training. The safety program is very minimal and there is not a clear understanding of roles and responsibilities. | |
| Trainers that are excited about training and not just reading the PowerPoint presentation. | |
| Training is typically recommended/prescribed and administered/facilitated by the assigned CEO/Risk Safety and Training Officer. Establishing a list of required training for all staff and specialized training for certain classifications and in response to metrics would make training more effective. Training should be conducted by qualified staff and made available through CEO/Risk whenever possible for all departments. | |
| We were advised at the last safety CSR meeting that a safety system similar to Expediter had been created in 2019. Several agencies had not been advised re: this system. When we inquired why all agency CSRs had not been notified, we received no response. There needs to be more transparency when it comes to streamlining safety processes in the County. | |

## 7. Safety Resources Open Feedback:

_**Departmental Liaison and County Risk Management Assessment:**_

Respondents from both the departmental line supervisors and mid-level managers and the County RM were asked to identify the resources currently provided by Risk Management that were most effective in ensuring delivery of safety training and what additional resources would be helpful. The raw responses are presented in the tables below, with only identifying information redacted.

The overall themes for things that are working well were:

- Embedded Safety and Training Officer within the Department to customize and track completed training for department staff.
- Some prefer in-house where staff are forced to focus, others prefer online which are more accessible and cost efficient.

The key ideas for things that could use improvement were:

- Assign Safety Training Officers to departments to allow for customized and specific training, more frequent available training sessions, and an in-house resource rather than traveling to training in groups

- Assign Safety Training Officer(s) based on department size with larger departments potentially needing more than one.

- Consistent support and priority from all levels of management

- Better response time from RM, waiting for responses

- Availability of interactive training to engage participants, track progress

- Provision of quick reference tools, PDFs of learning tools

- Consistent training for all agencies
- Development of a catalog of trainings and available teachers/subject matter experts.

| Which resources provided by Risk Management are most effective in ensuring delivery of safety training? | |
|---|---|
| **Departmental Liaisons** | **County RM staff** |
| Contact info. | In-house training |
| Embedded Safety and Training officer | Online training (Eureka) |
| I only receive safety communication through my DSR. I never interact with CEO/Risk Mngt. | Classes offered for specific departments upon request |
| I strongly believe in house training is more effective than online. When it is in house- staff have to pay attention. | |
| Internal Trainers | |
| Internet/ online training | |
| On site/in person training is most effective. | |
| Online | |

| Which resources provided by Risk Management are most effective in ensuring delivery of safety training? | |
|---|---|
| Online resources that are direct and to the point are the most effective for staff. | |
| on-site training | |
| Our agency-assigned Safety Specialist has been effective in presenting and documenting existing safety training material. Our agency has also utilized existing on-line safety training materials provided by CEO Risk, but this material is less effective than the training provided by a knowledgeable safety professional. | |
| Safety Training Officer | |
| The assigned Safety Specialist delivers certain training content along with monitoring the attendance of staff required to attend based upon their job duties. | |
| The most effective training is classroom training for the groups; however, due to cost constraints I have been encouraging online training. | |
| what we have is working well | |

| What additional resources do you need to be able to ensure adequate and effective safety training for your department? | |
|---|---|
| **Departmental Liaisons** | **County RM staff** |
| Good handouts with informative graphics to provide employees a quick reference. | A catalog of trainings and a list of contractors that can provide training for county agencies. |
| I liked the EEO recent training. Software recognized progress, graded quiz, and acknowledged that training was reviewed. I'd like something interactive like that for Safety training. I'd be more certain that employees actually made and effort to do it. Also, it would give correct and more complete info than I might give since I'm not a professional safety person. | |
| I'd like to see training and procedure continuity throughout the agencies. It appears that many agencies are doing different things and safety programs vary widely. I believe our department is effectively providing safety training for our staff. | |
| It would be beneficial if we Department Management elevated the need for Safety training. | |
| It would be nice to have additional Safety Training Officers as our agency is very big and one STO cannot do it all by themselves. | |
| More hands on training and better communication. | |
| More training topics | |
| Most resources are high level and need to be more in depth. | |
| Ongoing training and refresher training | |
| Our Agency would benefit from the Safety Specialist dedicating 1) additional time to providing training, and 2) additional time/ resources to developing agency-specific safety training. I believe this could be accomplished by the Safety Specialist dedicating less time focused on administrative duties. | |
| PDF Information Files | |

| What additional resources do you need to be able to ensure adequate and effective safety training for your department? | |
|---|---|
| providing training programs that I can deliver that can be adapted to my department; providing templates for training; ensuring the CSR's are trained | |
| Still waiting on resources provided by Risk Management. I've asked for safety trainings and haven't received a response back. | |
| Support and commitment from all levels of management to develop a safety minded culture through training, changing behaviors and making safety a priority. | |
| Support by Risk Management as I have obtained none since I started this role 2 1/2 years ago. | |
| They don't offer enough training to meet our needs. When they do have training posted, there are not enough sessions available to work with my staffs' busy schedule. | |
| train the trainer sessions | |
| We are a large agency and have an STO full-time assigned to us. We have been told we won't be having this in the near future. It would be very beneficial to have the STO full dedicated to us. | |
| We need more training available and we need more sessions in general. What would be amazing is if the trainers could come to my department and train all my staff at once versus sending everyone over to Risk piecemeal. | |

*County Executive Office*

Memorandum

**July 9, 2020**

| | |
|---|---|
| **To:** | **Michelle Aguirre** |
| | **Chief Financial Officer** |
| | |
| **From:** | **Michael Alio** *HA* |
| | **Director of Risk Management** |
| | |
| **Subject:** | **Response to the Final Report of the Orange County** |
| | **Risk Management Services and Program Assessment** |

Following is CEO Risk Management's response to the recommendations contained in the Final Report of the Orange County Risk Management Services and Program Assessment dated June 2, 2020 and performed by CPS HR Consulting:

**1. Policy and Procedure Effectiveness**

Recommendation 1.1: Establish a schedule to routinely review and update policies, if needed, to ensure compliance with current regulation and current events, avoiding long periods between reviews.

CEO Risk Management Response: Concur and currently performing. Reviews occur but have not been structured to ensure compliance. We are currently updating our SharePoint intranet site to track review dates as well as revision dates of Safety and Loss Prevention Policies and Procedures. This site is being designed to automatically provide notification to the responsible party when a review is due.

Recommendation 1.2: Implement Recommended Policy Revisions – Review the recommended policy changes outlined within the report, focused on updating industry language, linking policies to performance measures, updating and re-issuing policies to staff to strengthen visibility, and ensuring roles are clearly defined at the appropriate level.

CEO Risk Management Response: Partially concur. Risk Management will make any necessary changes based on the recommendations; however, some recommended changes may not be necessary, may run counter to the accountability concept of safety established in Board of Supervisors Resolution #62-572, or requires initiation by others.

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Recommendation 1.3: Risk Transfer/Contract Management/Insurance Requirements – County should evaluate increasing insurance requirement limits to $2 million for General Liability as the baseline standard to align with more proactive industry best practices. In the event that an across the board limits increase is not an option, it is highly recommended to review the types of agreements and increase the limits on contract types with the greatest risk, increasing limits for contracts exposures as needed.

CEO Risk Management Response: Partially concur. Raising insurance limits to $2 million will unnecessarily raise costs to the County and create problems for vendors trying to obtain insurance for low risk contracts. CEO Risk Management currently reviews limits for specialized high-risk contracts and adjusts insurance requirements as necessary.

## 2. Americans with Disability Act (ADA) Compliance

Recommendation 2.1: The Transition Plan Binder should be updated annually with current names and contact information as it is noted as the "Public Review Copy" and should list appropriate parties for the public to contact.

CEO Risk Management Response: Concur. We will be placing a contact information sheet in the front of the "Public Review Copy" of the Transition Plan.

Recommendation 2.2: A more structured issues log should be developed and implemented with the initiating date, raised issue, and resulting disposition to build a more comprehensive record that would allow for trend analysis over time.

CEO Risk Management Response: Concur and recommendation completed. A log was created and is in current use through the County's SharePoint site.

Recommendation 2.3: The draft Reasonable Accommodation and Request for Review forms currently under consideration should be implemented and used as precursor to an issue-tracking log (Recommendation 2.2 above).

CEO Risk Management Response: Concur and currently performing. The forms have been drafted and, upon finalizing after internal review, will be implemented.

## 3. Closing Project Analysis

Recommendation 3.1: County RM should initiate a schedule for reviewing claim pending volume and closing ratio every 4 to 5 years to determine whether a special closing project should be implemented utilizing the best practices criterion outlined above.

CEO Risk Management Response: Concur. CEO Risk Management will review every 4 to 5 years using the last three years of pending and closing ratios to determine if a closing project should be implemented.

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Recommendation 3.2: Future closing projects should establish written criteria, with input from the TPA, outlining the case selection methodology including the number, age, and specific types of claims to be included, in addition to a reasonable timeframe to guide those completing the project.

CEO Risk Management Response: Concur. All closing projects should be measured by industry standard metrics to measure the appropriateness of the project to include target closing numbers. If the results do not obtain the desired result, the project should be discontinued at the CEO Risk Management level to avoid unnecessary costs.

Recommendation 3.3: The determination to use an external vendor for closing projects should incorporate a review of current staff capability and availability, the potential for redundant efforts, and a comparison of the financial expense of utilizing internal or TPA staff compared to an external vendor.

CEO Risk Management Response: Concur. If CEO Risk Management and/or the TPA chooses to use an external vendor an independent audit may be needed to evaluate the external vendor effectiveness and adherence to industry best practices.

## 4. Workers' Compensation (WC) and General Liability (GL) Claims Processing

Recommendation 4.1: County RM should consider budgeting a designated support position to assist with file scanning, in addition to other support functions like conducting document and subpoena requests, drafting department notices, filing support, tracking OCERS information requests, and death certificate notifications.

CEO Risk Management Response: Concur. However, CEO Risk Management continuously looks for ways of leaning out the paper processes involved in the daily work.

Recommendation 4.2: Obtain greater RM autonomy from Board to expedite WC settlement process in granting authority to defense Counsel. It is noted that during the course of this project, RM addressed this situation and received an increase in authority from the Board of Supervisors from $75,000 to $150,000.

CEO Risk Management Response: Concur. CEO Risk Management obtained authority up to $150,000 from the Board of Supervisors on 04-28-20.

Recommendation 4.3: Develop a quality control checklist or process to minimize missing information on submitted 5020s with the claim application.

CEO Risk Management Response: Concur. This will be integrated with the new online reporting procedure being rolled out in third quarter of Fiscal Year 20-21.

Recommendation 4.4: Review and adjust reserves to reflect indicated general liability settlements within RMIS on a timely basis based on current information.

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CEO Risk Management Response:  Concur and currently performing.

**5.  Evaluation of Workers' Compensation Time Requirements**

Recommendation 5.1:  The Risk Manager should consider a dedicated or shared support position to free up Staff Specialist and Program Manager time for more technical work (e.g., claims, settlements, subject matter guidance).

CEO Risk Management Response:  Concur.  CEO Risk Management continues to look at opportunities to realign work and specific job tasks.

Recommendation 5.2:  Assess if any of the WC Program Manager responsibilities can shift to Staff Specialists to free the WC Program Manager time for resolution specialist tasks, as discussed in the Closing Project Analysis.

CEO Risk Management Response:  Concur.  CEO Risk Management continues to look at opportunities to realign work and specific job tasks.

Recommendation 5.3:  Implement a proactive schedule of routine training refresher courses reaching out directly to each department to address the departmental liaison feedback that refresher courses to ensure familiarity with all current regulations and processes would be beneficial.

CEO Risk Management Response:  Concur.  CEO Risk Management is currently looking at training opportunities through our enhanced training module Eureka.  This will ensure more regular training modules regarding updated rules and regulations available to all agencies.

Recommendation 5.4:  Facilitate training among HR, RM, and the departmental liaisons to address the departmental liaison feedback requesting training on the appropriate workers' compensation codes and payroll issues, such as restoration of benefits is also being requested.

CEO Risk Management Response:  Concur.  CEO Risk Management is currently working on training to address the nuances on departmental coding and payroll coordination.

**6.  Cost Allocation Methodology Assessment**

Recommendation 6.1:  RM should continue using the current annual cost allocation methodology as it aligns with best practices to monitor the results and ensure the continued stability required by the County.

CEO Risk Management Response:  Concur and currently utilizing.  CEO Risk management will continue to use the current annual cost allocation methodology to ensure continued stability required by the County in the program participants' rates.

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## 7. Adequacy of Policy Limitations

<u>Recommendation 7.1</u>: The County should continue the current practice of reviewing policy levels to ensure adequate coverage with consideration to updated internal loss documentation as it aligns with industry best practices.

<u>CEO Risk Management Response</u>: Concur and currently performing. CEO Risk Management will continue its current practice of reviewing its policies for adequacy, including insurance limits, changes in terms and conditions (if any), policy enhancements, trends in commercial insurance, and exploring additional coverage options available in the marketplace. As the County's exposures change and evolve over time, regular discussions are being held with the independent broker and with the Public Risk Innovations, Solutions and Management's (PRISM – formerly known as CSAC-EIA Excess Insurance Authority) broker to explore and evaluate commercial insurance options.

<u>Recommendation 7.2</u>: County brokers should continue the current practices of periodically reviewing available policies for purchase or through self-insurance to ensure the policy scope and coverage aligns with the most cost-effective option in a continually changing market. This periodic review, including a review of the private market, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), and potentially other JPA pools, reflects current use of industry best practices.

<u>CEO Risk Management Response</u>: Concur and currently performing. Refer to 7.1 above. In addition, our independent broker will perform a self-insured retention analysis as part of the Excess Liability renewal process.

## 8. Loss Exposure Policy Effectiveness

<u>Recommendation 8.1</u>: RM should work with the departments to identify the resources and information that would be useful to assist them in achieving a positive impact in reducing their losses.

<u>CEO Risk Management Response</u>: Concur and currently performing. OC Sheriff's Department (OCSD), Health Care Agency/Correctional Medical Services (HCA/CMS) and Social Services Agency (SSA) all receive monthly claims and litigation reports set up specifically for those departments with the information they requested to be in the reports.

<u>Recommendation 8.2</u>: Data in the Informational Metric Reports needs to be set in context within each department, including a section for overall industry trends, comparison to similar Orange County departments, or other county departments. Departmental liaison feedback identified a need for training to explain the impact of the provided data and how it could be utilized to improve their department specific loss reduction efforts.

<u>CEO Risk Management Response</u>: Partially Concur. While the metrics and provision of information could be improved, CEO Risk Management currently does not have a Risk Analyst, who would typically do advanced analysis of this type. CEO Risk Management currently offers

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Departmental meetings to discuss the metrics and how we can assist, and will keep this recommendation in mind as it moves forward with improvements in the future.

Recommendation 8.3:  Large program reports providing examples of specific risk exposures, in addition to the County Risk Management Annual Report providing the high-level broad analysis, should be available as references to smaller departments to assist in the development of preventative programs based on County trends where small departments do not have sufficient data for individualized reports.

CEO Risk Management Response:  Partially concur.  Please see answer to 8.2 above.

Recommendation 8.4:  RM should evaluate the current distribution of the informational metric reports and evaluate alternative sources of data and an expansion of the data provided. It is noted that during the course of this project, the IT division was implementing department specific data dashboards. This is an appropriate course of action to provide an additional source of data and RM should finalize the dashboards and then assess the efficiency of them once departments have started utilizing them.

CEO Risk Management Response:  Concur.  CEO Risk Management has been working with OCIT to develop Departmental dashboards for the past year.

Recommendation 8.5:  RM should establish a training program to provide managers and executives with an  understanding of current trends, historical summaries, and the financial impact to both  departments and the County overall. This should be provided every two to three years,  or when significant changes occur in liability trends.

CEO Risk Management Response:  Partially concur.  We do meet with departments and explain their results to them. CEO Risk Management provides training to Departments on specific issues, but does not have the current staffing to develop an extensive training program. This recommendation will be kept in mind as we move forward with improvements in the future.

Recommendation 8.6:  RM should address the reported inconsistency in the level of department executive  communication across the litigation process through the establishment of  a standardized schedule of communications, proactively identifying when and what information will be provided, and to whom, during the litigation process to ensure clear  expectations of shared information and consistently provided communication.

CEO Risk Management Response:  Partially concur and currently performing.  All departments in the County of Orange have a Risk Management Liability Contact Person with whom Risk Management communicates regarding litigation.  Instead of a schedule of communication, CEO Risk Management provides Department Heads with lawsuit status any time this information is requested based on their needs.

Recommendation 8.7:  RM should develop a training program for those persons participating in the litigation  process explaining the details and issues surrounding investigation, claim analysis,

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testimony requirements and the process for determining settlement posture versus awaiting a verdict.

<u>CEO Risk Management Response:</u> Concur and currently performing.

**9. Safety Training Effectiveness**

<u>Recommendation 9.1:</u> Departmental management and supervisory staff should build a defined "safety culture", elevating the recognition of safety and importance to the County and enhancing the current perception of safety.

<u>CEO Risk Management Response:</u> Partially concur. Although departmental management and supervisory staff are key in helping progress an improved safety culture, the primary driver of the importance of safety to the County resides with the County Executive Office Risk Management. We are currently focusing on the accountability aspect of the safety culture through organizational changes, providing tools to departments to help them fulfill their responsibilities, and development of an audit process to monitor effectiveness.

<u>Recommendation 9.2:</u> County RM should revisit and align delivery methods with preferred providers per course type, utilizing the survey data as a guide.

<u>CEO Risk Management Response:</u> Partially concur and currently performing. Over the last 6-9 months, we have been utilizing a variety of tools and methods to improve the effectiveness of training. These include the development of a Training Quality Specification that is a living document that addresses not only training course objectives, but delivery method, technical and peer review, etc. The survey data provided in this report is very limited; we currently rely on direct feedback through Eureka and effectiveness through knowledge checks. We have also been overhauling several curricula and delivery methods to accommodate more directly what the department needs are.

<u>Recommendation 9.3:</u> County RM should review the effectiveness ratings for each course, initially targeting those courses that were perceived as less than somewhat effective including courses on Intruder/Active Shooter Safety, Lock-out/Tag-out, Confined Space Entry, Job Safety Analysis, Welding Safety, and Portable Extinguisher Training.

<u>CEO Risk Management Response:</u> Partially concur. Although we agree the effectiveness ratings should be reviewed on an on-going basis and continue to do so, the results presented in the report do not indicate what specific class the respondent was reviewing and appear contrary to the course feedback provided through Eureka which is more real-time feedback (i.e., many of the respondents may have been responding to their experience with training that was taken more than 6-months ago, even though many of the training modules such as HazCom, Ergonomics, Portable Ladder Safety, Heat Illness Prevention, etc. have been significantly revised).

<u>Recommendation 9.4:</u> Recommend the County Office of Risk Management evaluate options for and implement a County Wide electronic training record keeping system to allow RM to review and identify departments not meeting acceptable standards. A mandate by the Board of

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Supervisors to require all departments that are subject to County funding be required to comply with the reporting tracking system.

CEO Risk Management Response: Partially concur. Although a centralized, roll-up training tracking system is ideal, there are many barriers today that make such a system more difficult to implement. We have recently been moving towards the use of HRS' Learning Management System, Eureka, to facilitate training assignment, recordkeeping, content, and management. Additionally, there are some safety training requirements obligated by the County for contract employees who are not on our payroll and Eureka is structured to track only those employees in our CAPS+ system (on payroll). Thus, a mandate to comply with a particular tracking system right now will not capture what is required.

Recommendation 9.5: Develop a county-wide training schedule, posting it in a common area and following up with departments to ensure all are aware of the available trainings.

CEO Risk Management Response: Do not concur. Safety training is not generic – each department will have different training needs. To accommodate that, over the last year we have been structuring a two-tiered training approach. Tier I refers to general awareness type of training of a particular safety topic. Tier II training complements Tier I by providing training specific to a particular unit's details. Much of the offerings, scheduling and on-demand training is conducted through the use of Eureka. There is a philosophical move away from paper forms of training schedules, and posting of paper forms; everything is online.

Recommendation 9.6: Follow up with each department on a quarterly basis to assess if there are any additional trainings needed to meet departmental requirements.

CEO Risk Management Response: Concur and currently performing. CEO Risk Management agrees that there is always a need to evaluate a department's needs, including as it relates to training. Our management schedules meetings with department management on a more frequent basis than quarterly already, in most cases.

Recommendation 9.7: Incorporate cross-departmental trainings on shared concepts (e.g., Job Safety Analyses, Emergency Action Plans, public accidents) to allow better understanding of cross- departmental operations. This shared understanding of exposures increases perception and awareness, impacting other departments and can influence a pro-active culture committed to safety and risk reduction.

CEO Risk Management Response: Concur and currently performing. Our current restructuring of the Safety and Loss Prevention staff moves staff who have been historically assigned to a given singular department in a more siloed fashion, to a more pooled resource that can be used across departments more readily. This will provide greater opportunities for shared knowledge (including training).

Recommendation 9.8: The alignment of key indicators, service delivery, and expectations between County RM and the serviced departments should be assessed every three years through

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customer satisfaction surveys to identify areas that are doing well and areas that could be improved.

CEO Risk Management Response:   Partially concur.   Key indicators, service delivery and expectations between CEO Risk Management and the departments is important.   However, customer satisfaction surveys should not be the primary way to determining the success of these elements – that should be more of a collaborative effort.   We have conducted "roadshows" and provided some documentation that helps departments understand roles and expectations for safety as we make some structural changes to the program.   These expectations also include training responsibilities.

# Performance Audit of the Clerk of the Board Services Final Report

# County of Orange

April 16, 2020

## Introduction

The Clerk of the Board (COB) is a core administrative function for the County, critical for effective and efficient governance of the County's democratic process, public access, and transparency to elected officials. It is also critical to the recording of the County's decision-making and expenditures. The COB is a critical position in the ability of the County to perform non-partisan administrative diligence. This critical role is performed by providing agendas for the Board of Supervisors (BOS), as well as posting those agendas for the public within legal time limits. As the official record keeper of the BOS, the COB records and prepares the official records of the proceedings and any recorded actions taken by the BOS. In addition, the COB manages the hearings and proceeding for Assessment Appeals for property taxes. The COB also performs a variety of other various duties, related to record keeping for the BOS, ensuring that the BOS is functioning according to State regulations.

The purpose of conducting a performance audit is to examine the department's current operations, policies, procedures, and practices in order to determine which functions of the department are currently working well and which functions have gaps and could use improvement. In the County, the department's primary responsibility is to provide clerking services for the BOS with the department divided into three units which includes Board Services, Assessment Appeals, and Administration/Files Management.

Performance audits are useful for determining efficiency and effectiveness of current operations and looking for opportunities for improvement. In particular, this performance audit of the COB is intended to:

- Review the current operations, policies, procedures, and practices for consistency with the governing laws and policies;
- Review the current operations, policies, procedures, and practices for efficiency and effectiveness with existing resources;
- Review the current use of technology and make recommendations for improvements and enhanced efficiency; and
- Review the organizational structure and make recommendations for enhanced efficiency within existing resources.

## Methodologies

We used a combination of methodologies that serve to support our findings and recommendations. Below is a summary of each method we utilized:

- **Interviews**. We conducted 24 one-on-one interviews with department staff, allowing opportunities for each member of the department to share their perspective of the department's performance. We also provided opportunities for interviews with each

of the Board of Supervisors and their Chief of Staff as well as other County stakeholders. The County stakeholders interact with the COB and affect its ability to meet its role and responsibility to the County. In all, we conducted interviews with three Board of Supervisors along with their Chiefs of Staff and conducted interviews with the Chief of Staff for the remaining two Supervisors, as well as several executive members of the County. A list of interviewees is included in Appendix II.

- **Field and In-Office Observations**. Through observations of the offices, basement storage, and viewings of online Board meetings, and other observations of day-to-day operations, our Project Team gathered first-hand information regarding the provision of the department's services.

- **Data and Document Review**. We reviewed data received from the department and the County including organization charts, policy and procedure documents, job descriptions, and other information collected and provided by the department. A list of documents reviewed are included in Appendix II.

- **Smart Practices and Benchmark Analysis.** We conducted research and collected information regarding smart policies and practices of other county clerks. In addition, we conducted benchmarking of other county Clerk of the Boards including Los Angeles, San Diego, Riverside, and San Bernardino counties.

## Summary of Performance

The department is currently providing critical services to the County that is consistent with governing law and policies. The department also performs several non-mandated tasks for the BOS, including processing human resource needs, processing payroll, some responsibilities for the budget, managing the purchasing process, coordinating building maintenance needs, and providing other administrative functions for the BOS.

Overall, our study noted that current operations in the department are generally effective and show a high level of understanding of the core competency areas of the COB. We have noted that the department is responsive to providing services to the public. In particular, we noted:

- High accuracy ratings in the Board Services unit, providing the Board and County with agendas with a high accuracy rating - 95% of published agenda titles were accurate with no errors (2018 Business Plan Results).

- High approval ratings for the Assessment Appeals unit. The unit continues to file and schedule assessment appeals hearings well within their two year deadline. Assessment Appeals additionally holds public workshops in order to help County residents understand the assessment appeals process and has consistently received favorable ratings (continued 100% overall satisfactory or better by workshop attendees).

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- Timely replies to public records requests by the Administration/Files Management unit as a result of a highly responsive staff and an improved process of implementing the Next Request system to track and respond to requests received by Clerk of the Board.

## Summary of Recommendations

While all of the critical functions of the department are currently being met, we found that there are several issues and opportunities for improvement in the department, primarily in the department's ability to increase services provided to the Board of Supervisors and their staff.

This report includes 13 issues with 24 recommendations for departmental improvement. Our specific recommendations for the COB fall into three primary themes:

- Reorganize the department to strengthen the administrative management function to the Board of Supervisors (BOS) as a singular unit.

- Utilize existing state of the art agenda and file management technology to be used to streamline and enhance the policies and procedures for the department.

- Increase communications, both internally and externally in order to improve efficiency and effectiveness as a department.

We also found that some of the County's *Rules of Procedures* and other agenda procedures required for the agenda process could be updated in order to streamline work activities while meeting County needs. The current agenda process may be requiring additional workload and staffing for the COB compared with the other benchmarked counties. Many of the *Rules of Procedures* regarding the agenda were implemented prior to the current BOS and County Executive Officer (CEO). We recommend that the COB convene a process with current BOS and CEO to address the overall agenda process to ensure that the *Rules of Procedures* follow required state regulations while not unnecessarily creating additional workload throughout the County.

In Orange County, the current organizational structure is a top down hierarchy structure as seen in Figure II-1 below (as of September 2019). At the top of the structure is an appointed Executive Manager of the Clerk of the Board. She has assistance for management of the department from a Chief Deputy Clerk of the Board along with administrative support of an Executive Secretary. There are three primary units in the department: Board Services, Administration/Files Management, and Assessment Appeals. The Chief Deputy Clerk of the Board oversees only two of those units, Board Services and Administration/Files Management. In addition, the Deputy Clerk of the Board also oversees a Financial Planning Services Manager for the department, which is separate from the aforementioned units. Assessment Appeals, a third unit of the department, has its Intake members housed three floors below the rest of the department. The Hearing members for Assessment Appeals and their offices are located in a separate building, in which the hearings for Assessment Appeals take place. Each of the three units is managed by an Administrative Manager (Assistant to the Clerk of the Board) with support from a number of Lead Board Service Specialists, Senior Board Service Specialists, and Board Service Specialists. Up until the current Fiscal Year, the department also had its own Information Technology (IT) unit that provided significant support for the technology being used in the department. The staff from the IT unit was moved to a centralized County Information Technology Department (OCIT) per a County policy.
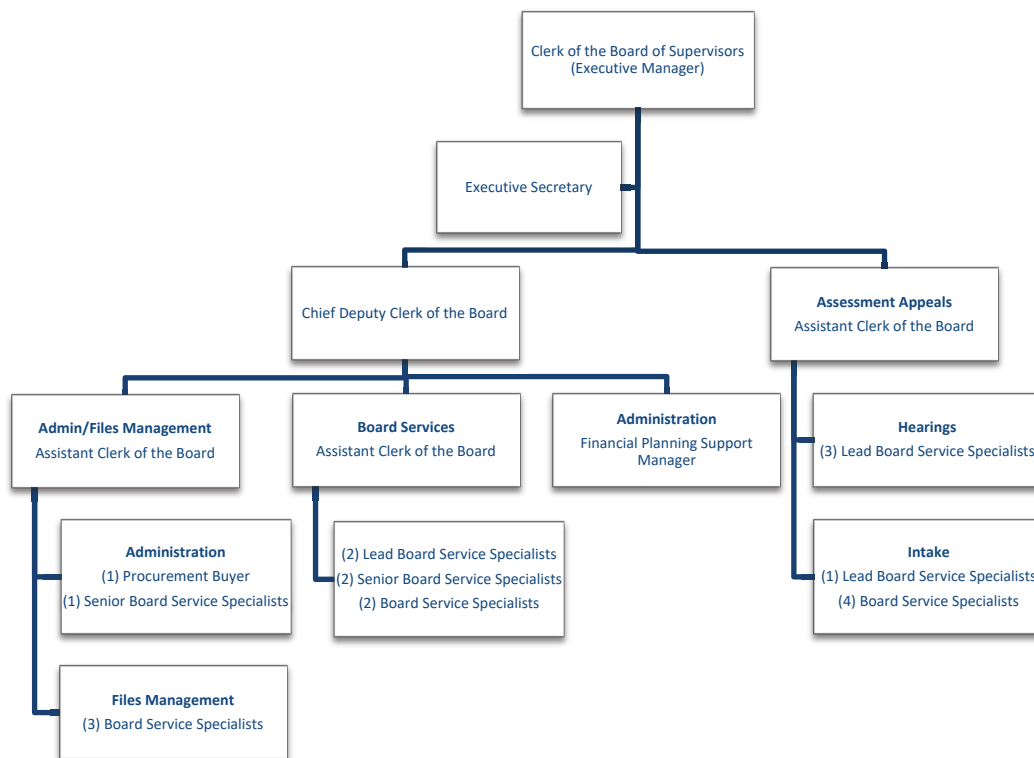


Figure II-1

Functional Organizational Chart as of September 2019

Critical for any organization are the years of experience and tenure of its employees which are in the public arena. They provide the short and long-term memory of an institution and its ability to effectively perform and provide critical redundancy for operational success. Based on our extensive interviews of nearly all staff and staff self-reporting, the Clerk of the Board office has at its base very experienced line staff primarily in two functional units, Board Services and Assessment Appeals, where a few of the staff have been serving the Clerk of the Board for over 20 years. These services operate according to the State rules and regulations, with staff that are knowledgeable in their roles.

## Issue #1: Policy and Procedure Manuals

*Finding: There are no full policy and procedure manuals for the prime unit functions.*

The department manages several key operations for the County that involve highly complex procedures in order to ensure that County and State regulations are satisfied. We reviewed a hard drive of all the department's policies and procedures and noted that while there were policies and procedures for many situations, e.g. "Final Agenda Checklist," there were no manuals that explained a process from start to finish. In the August 2018 Request for Proposals (RFP) for a new Agenda Management system ("OC Agenda"), the County's IT department put together *Business Requirements* for the department's current agenda process as an Appendix to the RFP. The *Business Requirements* was a 140-page manual that provided detail of the current IT procedures required for their current agenda process. From the materials that we were provided, there are no other written full procedures for any of the units.

The interviews noted that longer tenured staff have traditionally provided informal training for the newer staff on the department's policies and procedures. Many of the written procedures that exist have not been updated, an indication that many of the written procedures are not referenced. Organizing the policies and procedures into a complete manual would allow the full process to be managed, even if the long tenured staff are unable to complete the tasks.

*Recommendation #1. Managers of the unit should develop a written procedures manual for their unit functions.*

Policies are created to establish expectations and to provide a footprint on how to consistently manage and carry out diverse functions. Having the managers of the unit organize a formal manual for the primary unit function would help to ensure that the processes are properly exercised. This can also be utilized as a training tool for new staff as well as a reference for longer tenured staff, should conflict about processes and procedures arise. It is further recommended that on an annual basis, managers should review the policies to ensure they continue to comply with federal and state laws and the needs of the department, and update those policies as applicable.

The Board Services unit's primary responsibility is to provide the agendas for the Board of Supervisors meetings with a secondary responsibility to provide clerking support for County Commissions that do not have the ability to clerk their own meetings. As an Assistant Clerk of the Board, the Manager of Board Services' primary responsibility is to ensure that the agenda is managed according to the rules and regulations of State agenda practices for counties. The manager coordinates with the County department directors on County agenda items for the Board meetings. The manager is also responsible for managing appointments on County Commissions as well as managing Conflict of Interests forms and regulations for the County.

As shown in Figure III-1, the unit utilizes two (2) Lead Board Service Specialists, two (2) Senior Board Service Specialists, and two (2) Board Service Specialists. Each is assigned specific County Departments for all agenda items. In addition to being assigned to County Departments for agenda items, the two (2) Lead Board Service Specialists alternate taking the lead to manage the agendas for Board meetings as the agenda project manager.

In addition to producing the agenda, the Board Services unit also provide clerking services to several County Commissions. At the time of the interviews with Board Services staff, the unit noted nine (9) clerking responsibilities for County commissions. The Assistant to the Clerk of the Board and the Lead Board Service Specialists regularly provide clerking services along with Senior Board Services Specialists as back up. The Senior Board Service Specialists are trained and prepared to provide clerking services for County Commissions.

| Board Services |
| Assistant to the Clerk of the Board |

| (2) Lead Board Services Specialists |
| (2) Senior Board Service Specialists |
| (2) Board Service Specialists |

Figure III-1
Organizational Structure of the Board Services Unit

The organizational culture in the unit demonstrated a value of high work ethic and the mission-focused agenda production. Each member of this unit has a specific role in the production of the agenda. The unit has a reputation for agenda accuracy and timeliness of agenda postings. The business rules for the agenda process are extensive, with each type of agenda item having different template requirements and each item reviewed and approved multiple times.

There are many contributors to each agenda in addition to the Clerk of the Board. While the department continues to produce its agenda similarly to the patterns from the past 25 years, there have been many improvements in the development of technology that could allow the agenda process to be quicker and easier for all of its users. Other County agencies utilize these agenda technologies and processes which allow for easier tracking and changes to agenda items. The department has continued to utilize County IT staff for technology programming to continue its current business processes with the CAMS and Agenda Works systems, both software programs that have been long discontinued by their developers.

While many of the business processes for the agenda were developed over the years of producing agenda for the County, the overall business processes have not been reviewed for efficiency and effectiveness. The department is currently pursuing the development of a new Agenda Management system developed to continue with much of the current primary business procedures, with some new enhancements and features.

## Issue #2: Current Agenda Process

*Finding: There is system duplication in the County's effort to produce each agenda as a result of County policies and procedures.*

Over the years, the County has developed policies and procedures regarding the agenda process, some of which is documented in the County's *Rules for Procedures*. The policies and procedures were enacted by former BOS and CEO and enhanced agenda requirements for the County, beyond the State requirements for BOS agendas. Specifically, County policies require the BOS agenda to be formalized three weeks in advance of a meeting and the full Final Agenda to be posted two weeks before each BOS meeting instead of the required 72 hours in advance of a meeting per the Brown Act. We found that the COB effectively carries out the County's policies and procedures for the agenda process. During our interviews, we found indications that those outside of the COB are "working around" the County's current agenda process, an indication that the current business processes may have become obsolete.

- The CEO develops its own "grey" agenda – a working agenda of the CEO for use by the BOS, CEO and CEO Chiefs two weeks prior to the Board meeting.

- Board of Supervisors staff stated preferences to utilize the Supplemental Agenda for changes and items to the agenda, rather than contributing to the County's regular agenda processes.

- There is a system of various colored hard copies of agendas utilized by the COB, CEO, and County Counsel for each Board meeting that are also received by the BOS.

- Some Board of Supervisors staff stated that they do not review the material in the "Final Agenda," because there is an expectation that the agenda items will change significantly with the Supplemental Agenda prior to the Board meeting.

- Our review of a sample of Supplemental Agendas revealed that several items are not necessarily last minute items, often placed by the CEO and BOS, and should have been properly vetted through the regular agenda.

- Board Services Specialists find that their received hard copy versions of agenda items from departments sometimes differ from electronic versions received from the department as departments may have revised their documents after the department's imposed deadline for receiving agenda items.

Instead of the BOS and CEO contributing to one agenda process, the result is that the COB focuses its workload and efforts on developing and posting a Final (Blue) Agenda that is vetted by the department process and is posted two weeks ahead of the meeting. Outside

of the County's agenda process, the CEO's department keeping a separate version of agenda changes in a "Grey Agenda" and BOS has a preference to submit agenda items for the Supplemental Agenda both which provide additional items as well as significant changes to the "Final Agenda."

**COB Agenda for Board Meeting/Green Agenda**

Develops working agenda and agenda items with Departments.

**CEO Grey Agenda**

CEO and Departments utilize a separate process for changes to Agenda.

**BOS**

Add Supplemental Agenda Items for meeting.

Final (Blue) Agenda (posted agenda two weeks prior to meeting)

&
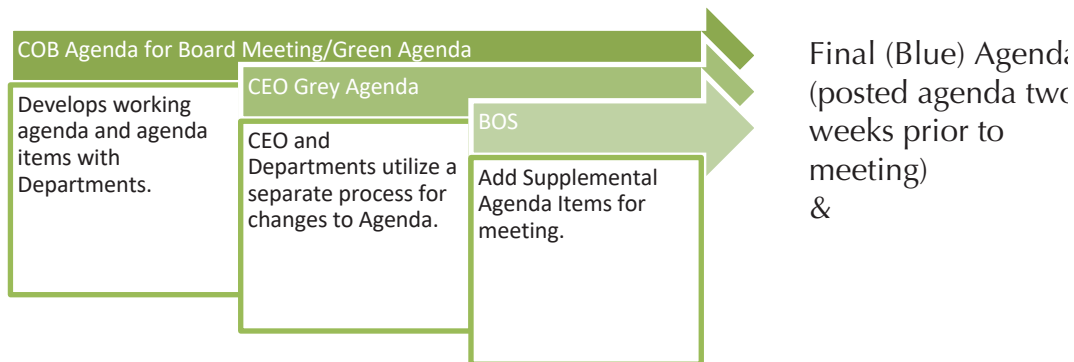
Figure III-2: Current Agenda Process

*Recommendation #2: The COB should meet with the BOS and CEO to re-evaluate the County's agenda process and procedures.*

COB provides structure for Agenda

Departments contribute to agenda

CEO contributes to agenda

BOS contributes to agenda

COB works with all to ensure that agenda agrees with County policies

COB produces Final Agenda with Supplemental Agenda only as needed
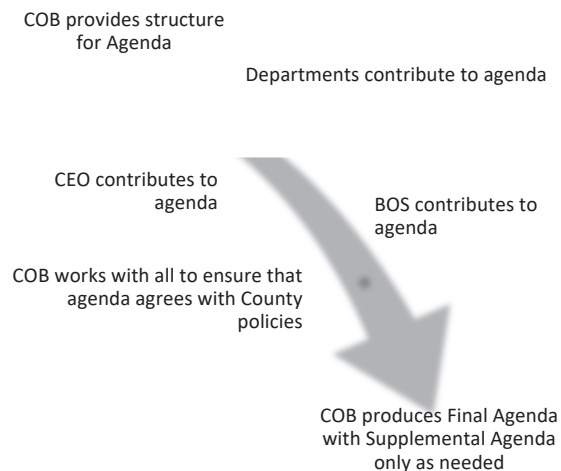
Figure III-3:
Singular Agenda Process

The development of the Board agendas should be a collaborative effort in order to allow the County to properly function. The COB's role in developing the agenda should be to allow the County, its departments, and the Board of Supervisors, to make necessary adjustments before publication while the COB should simultaneously guide those efforts in ensuring that the agenda correctly reflects the regulatory requirements of the County and that the language correctly reflects the legislative action that will take place. This could be done in a singular agenda process that does not require the CEO and BOS to develop their own processes outside of the County's established process. The County's current agenda process should be updated in order to reflect the needs of the current BOS, CEO, and departments and not continue to be based on policies and procedures that no longer meet the County's needs.

## Issue #3: Staffing Resources in Board Services

*Finding: Workload for staff in Board Services is not evenly distributed.*

The workload of the Board Services primarily revolves around deadlines for the agenda. Versions of the agendas are distributed weeks prior to the meeting and each of the staff in the unit have individually assigned County departments to process agenda items. The assignments of the departments are primarily to help the staff to develop their expertise with agenda items from those departments. This also leads to some staff members having heavier workloads for some agendas while having lighter workloads for others.

In order to spread out the work within the Board Services unit, it is recommended that the workload be distributed with each agenda. The staff can retain its primary relationships and expertise with each County department, but also develop working knowledge of agenda items with other departments. Additional internal communication and management of the unit will be required in order to manage the workload of the unit by each agenda, but it will also lead to better management of workload within the unit.

*Recommendation #3: Agenda workload should be distributed according to agenda items.*

The County should look to revise its current agenda business processes instead of pursuing technology to fit the current agenda business process. A new agenda management technology should allow the CEO, BOS, and departments to collaborate on agenda items and changes into the agenda process, while the agenda process is managed by the COB.

*Recommendation #4: Review the full agenda process with the County and develop new agenda process policies and procedures that accommodate County users.*

We conducted a benchmark study of the Orange County Clerk of the Board with other County Clerks departments in particular, comparing their agenda staffing (Figure III-4). The neighboring County of Los Angeles is a significantly larger County than the other benchmarked counties in population and hold regular weekly Board of Supervisor meetings. It is significantly noticeable that the COB for Orange County has more staff dedicated to developing Board Agendas compared with the other similar sized benchmarked Counties. With populations around 2 – 3 million people and BOS meetings between 22 – 30 per year, the benchmarked counties reported that their dedicated agenda production staff was significantly smaller with 3 or 4 people, as compared to the 7 staff in the Board Services unit in Orange County. When conducting the surveys, we did not inquire about the details of each of the specific roles and responsibilities of each of the agenda staff in order to compare duties and responsibilities.

| County | County Population *(in millions)* | County Budget (FY 2019-20) *(in billions)* | COB and BOS Budget[1] *(in millions)* | # of Board Meetings per year | # of FTEs on Agendas |
|---|---|---|---|---|---|
| Los Angeles | 10.0 | $33.1 | $220.4 | 50 | 13 |
| Orange | 3.1 | $6.8 | $12.0 | 26 | 7 |
| Riverside | 2.4 | $6.1 | $11.4 | 36 | 4 |
| San Bernardino | 2.1 | $6.6 | $10.4 | 22 | 3 |
| San Diego | 3.3 | $6.3 | $14.4 | 30 | 3 |

Figure III-4
Benchmarking of other County Clerks of the Board

The Board Services unit maintains a high level of professionalism in its efforts to produce agendas without errors. The efficiency of the production could be improved by streamlining the County's agenda process. Streamlining measures could include allowing the various County departments and the COB to quickly make any necessary changes to their agenda items prior to the agenda being published. It also could include having the Final Agenda be published a week ahead of the Board meetings, so that changes and deletions of agenda items for the Supplemental Agenda are utilized less often. Should the department decide to implement newer technology with new County policies and procedures, it is likely that the unit can be managed more efficiently, with less staff and a flexible distribution of workload.

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[1]Several County Clerks of the Board have their budget included with the Board of Supervisors and their staff.

The Assessment Appeals unit is a function of the Clerk of the Board which receives and processes Assessment Appeal applications. In addition, the unit schedules assessment appeals for hearing before each Assessment Appeals Boards, clerks the hearings, records, and provides all parties with the final decision of the Assessment Appeals Board. In its simplicity, the Assessment Appeals Board serves as a conduit of the Board of Supervisors role as the Board of Equalization for the County. Each Supervisor appoints a member to each of the Appeals Boards. The Assessment Appeals unit works regularly with the public tax payers, the Appeals Boards, and the Assessor's Office.

There are two sections within the Assessment Appeals unit of the COB. Most of the staff in the Assessment Appeals unit work in the Intake section of the assessment appeals process. They also staff their own reception area for the public. In addition, they hold workshops for the public to help them understand the County's Assessment Appeals process. They regularly answer questions about the process and applications to ensure that the applications are processed correctly before being scheduled for a hearing with an appointed Assessment Appeals Board. The Hearings section is staffed by Lead Board Services Specialists, who schedule the hearings, clerk the hearings with the appointed Appeals Boards, and provide any actions that are needed following the hearings, including the processing of any payments or refunds.
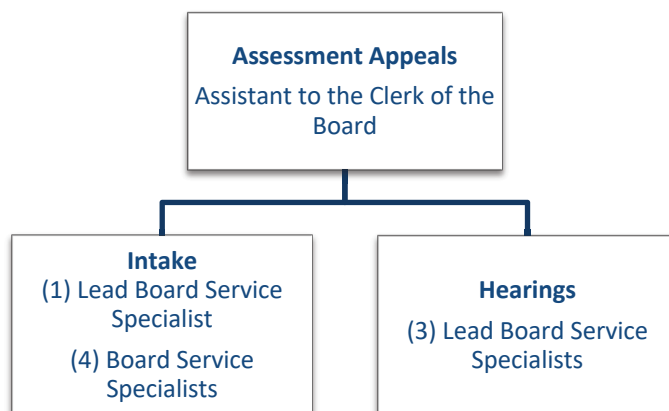


Figure IV-1
Organizational Structure of the
Assessment Appeals Unit as of September 2019

The Assessment Appeals process is well ordered and follows the State mandated rules and regulations. They enjoy high customer satisfaction ratings and are proactive in anticipating public tax payer needs by providing Assessment Appeals Workshops and a website that provides information so that the assessment appeals hearings are able to run efficiently. As a unit, they function effectively. Their day to day functions are primarily independent of the rest of the department.

The Manager of the Assessment Appeals unit provides a clear sense of direction as to the need for staff teamwork and cross training. It was the manager's belief that because of the specialized nature of Assessment Appeals, a strong core of redundant skills was necessary for effectiveness and long-term stability. There was a strong understanding of employee skill-building and succession planning. Succession planning has been part of recent discussions with the COB and necessary budget allocations have been advocated to offer potential advancement opportunity within the unit. As such, a new job classification was recently approved. The position is an Intake Manager of Assessment

Appeals to manage the intake section and support the duties and responsibilities of the management of the Assessment Appeals unit as a gateway for an employee with a broader unit-level experience.

The workload of staff in Assessment Appeals seems to be evenly and fairly distributed, with staff also encouraged to cross train in the work and responsibilities of the other staff in the Assessment Appeals unit even as they have their assigned primary responsibilities. Since each Assessment Appeals application can be managed by multiple staff, the staff operate as a team with realization that their specific work impacts the work of others. Each of the Lead Board Services Specialists is experienced and knowledgeable as the primary lead for clerking. They are given the responsibility of ensuring that each Assessment Appeals Hearing is clerked and run properly with assistance from other Board Service Specialists.

## Issue #5: Files Management for Assessment Appeals

*Finding: Assessment Appeals files are often the lowest priority for the staff in Files Management.*

The stacks of unfiled completed cases for Assessment Appeals is currently not an issue for the unit, now that Files Management is fully staffed. This has been an issue in the past and could potentially become an issue should State regulations change the Assessment Appeals process. Currently, at the completion and the processing of a hearing, the files are sent upstairs to the Administration/Files Management unit to be scanned into the electronic filing systems and filed away. File management for Assessment Appeals has traditionally been the lowest priority over Board records and public record requests.

*Recommendation #5: Dedicate a Board Services Specialist in the unit with the responsibility to upload and manage the files for Assessment Appeals.*

An Assessment Appeals staff member with the responsibility to manage the files after they are no longer needed, would ensure that the files are stored and managed properly. With specialized documents, it would be more efficient for the unit staff to manage and store their own files after the hearings have been completed. It would be the regular final step in closing in a file on the assessment appeals process.

Files Management is a section in the Administration/Files Management unit, but has little overlap with the rest of the staff in the unit who are focused on administrative services of the Board. Files Management manages the records and files for the Board of Supervisors and provides services to the County and the public for record requests. An important role of the department is to properly store and manage files for the Board of Supervisors and their meetings. Files for the County are currently scanned by the COB and stored electronically. Physical files are kept in files and stored in the basement of the Hall of Administration as well as in an off-site storage facility.

In addition to managing the storage of Board of Supervisor records, this function of the department is also responsible for responding to record requests by the County and the public. Public record requests are tracked via an online system. Public record requests received from walk-ins and the phone are recorded onto the online system to ensure records of those requests as well as to ensure that the requests are processed in a timely manner.

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┌─────────────────────────────┐
│ Administration and Files    │
│     Management Unit         │
│ Assistant to the Clerk of   │
│        the Board            │
└─────────────────────────────┘
        │
   ┌────┴──────────────┐
┌──────────────┐  ┌──────────────┐
│ Files        │  │              │
│ Management   │  │Administration│
│ (3) Board    │  │              │
│ Service      │  │              │
│ Specialists  │  │              │
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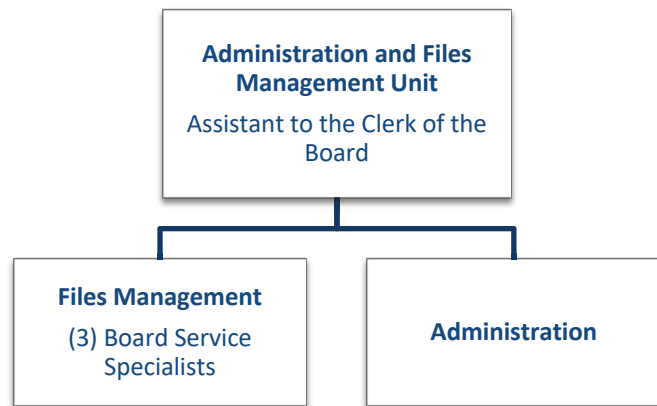
Figure V-1
Organizational Structure of Files Management Section

Currently, there are three dedicated Board Services Specialists in the Administration and Files Management unit who are dedicated to managing the files and managing public records requests. Recently fully staffed, they focus on responding to the County and public record requests in a timely manner. They have made progress on electronically filing and cleaning up physical files that had not been previously filed. The unit is dedicated to getting many of the physical files from the Hall of Administration basement scanned and will be supported by additional scanning and filing services. The physical files will still be maintained offsite in the County's storage filing facility.

## Issue #6: Reception Area

*Finding: The Files Management staff are currently not in a position to see any of the walk-ups to the Clerk of the Board.*

An important function of the Clerk of the Board is to be able to provide customer service to the Supervisors, County departments, and the public when documents are needed for review. We found that staff are most responsive to the requests received via online (website or email) or phone. The staff responsible for responding to public walk-ins are currently not

positioned to view the reception area to the Clerk of the Board, leaving the customer to wait until another member of the department informs one of the staff of Files Management.

*Recommendation #6: Designate a receptionist for the Clerk of the Board office.*

A receptionist for the Clerk of the Board would ensure that someone is appointed to acknowledge visitors and to be available to provide customer service for the department. While there is not a lot of foot traffic received in the department, setting up a workstation in view of the reception area or at the reception area would allow the receptionist to be productive when not managing customers.

*Recommendation #7: Place a computer kiosk in the COB reception area to allow customers to enter in their own public record requests.*

Having a kiosk in the reception area that allows customers to enter public records requests or other information would also allow for County customers to be acknowledged. The receptionist would be able to aid users, but also allow tech savvy customers to quickly get the help they are seeking.

## Issue #7: Filing System

*Finding: The County's current filing system relies on a physical filing system to locate physical documents which is not easily accessible to other County Departments.*

Depending on the age and type of files, the researcher needs to utilize a system of binders, files, microfiche, before being able to identify the location of the physical file. Older physical files are stored off site and need to be requested and fetched. While it may not be of value to scan all of the County's existing physical files, utilizing a comprehensive electronic filing system so that the location search for the file can be done electronically without searching through binders, files, and microfiche, would save the researchers available time, but also be able to be utilized by more people in the COB and throughout the County.

*Recommendation #8: Utilize a professional files management service to implement a new electronic files management system that organizes and manages all of the County's past, current, and new files, that could be easily accessible to County employees.*

A new files management system should be implemented so that anyone in COB and County can easily search for files, not just those in Files Management who have been trained to use the current system. The use of a professional files management service could sort and organize physical and electronic files that have been long neglected as well as provide a method to combine the various filing systems currently being utilized.

*Recommendation #9: Allow a Board Service Specialist to manage files and records in each COB functional unit.*

Once a more user friendly filing system is implemented in the COB, it will be easier for others to access the filing system. Rather than place all of the Board Services Specialist for files management in one place, we recommend that each COB unit have a Board Services Specialist that could provide filing services for that unit, managing the filing for those units as records are completed. Board agenda and files should be properly filed after each Board meeting. Assessment Appeals Hearing material should be properly files after each Hearing is completed. Any administrative records should be filed when the contracts or other records are executed. Those Board Service Specialists should also have the ability to work with one another across units to additionally provide support where needed.

Many County Clerk of the Boards (i.e. Los Angeles, Riverside, Kern, and Santa Barbara) provide the administrative management functions for the Board of Supervisors, despite not being a mandated function of the Clerk of the Board. In Orange County, the COB has been the primary provider of administrative services for the BOS. The position of the Administration management for the BOS was previously left vacant for several years. While this position was vacant, some of functions of administration management were picked up by the CEO and other members of the department. The department now maintains a unit title of Administration/Files Management as well as a position of a Finance and Budget Manager. The Administration/Files Management unit is primarily focused on the County purchasing functions for the Board of Supervisors and the department. Other functions of administrative management of the BOS remained with other positions within the department and the CEO.
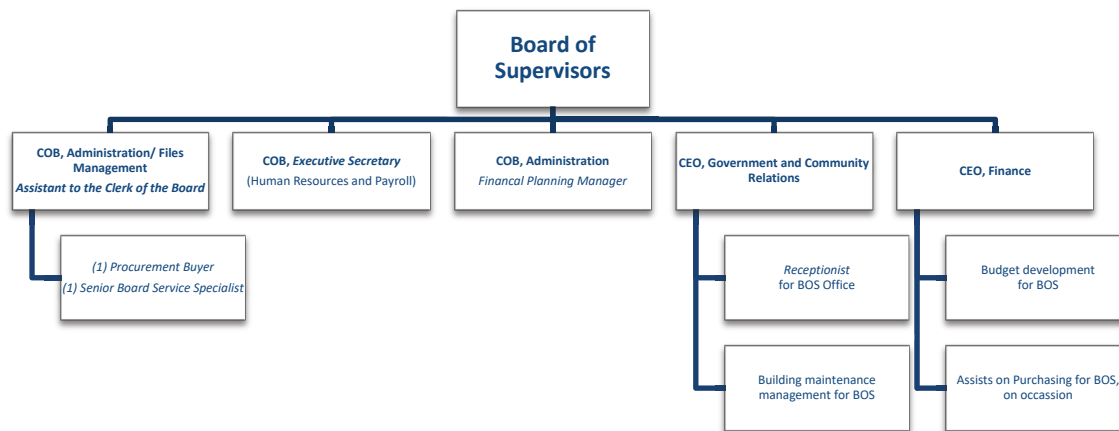


Figure VI-1
Current Functional Chart of Administrative Services to the Board of Supervisors

## Issue #8: Administrative Management Function

*Finding: Administrative management functions to the Board of Supervisors is spread out among staff in the department and the County Executive Office with some overlapping responsibilities.*

The Board of Supervisors and their staff have been given a contact list of various people in the County to manage different administrative issues. Some of the interviews with Board of Supervisors and their staff noted difficulties for getting resolution on County equipment, building maintenance, making purchases, Commission appointments and vacancies, etc. Depending on the problem, a different person or number needed to be contacted.

Additionally, we found that some roles and services for the Board of Supervisors were duplicated and spread out among various staff members:

- COB Administration and Files Manager – COB contact for the needs for purchasing, building and equipment maintenance, and other County needs for the Board of Supervisors offices.
- COB Executive Secretary – Performs the Human Resources functions including employee management and payroll comprising approximately 60% of her workload (self-reported).
- COB Financial Planning Manager – Prepares and provides administrative support for the services and supplies budget of the Board of Supervisors.
- CEO Finance and CEO Government and Community Relations units additionally manage the BOS receptionist and scheduling, the salary and benefits budget for the BOS, providing building maintenance fixes, and purchasing support. While overlapping with some of the roles of the COB, the CEO staff noted that they pitch in to provide support when requested by the BOS.

*Recommendation #10: The COB should work with the BOS and CEO to develop a singular functional unit either within the COB or CEO with a manager to provide a full suite of administrative management services for the Board of Supervisors.*

During our interviews with the Board of Supervisors and their staff, there is an expectation that the COB should be providing more direct administrative management services to the Board of Supervisors. The role of administrative management for the Board of Supervisors needs to be elevated and should be organized as such. An Administrative Management unit for the Board of Supervisors and the COB should perform all of the functions mentioned above, under one unit, rather than be under separate units. That unit should function to:

- Perform the Human Resource functions and payroll for the BOS;
- Prepare and manage the BOS budget;
- Provide and manage the BOS receptionist;
- Provide purchasing services, building, and facility maintenance for the BOS; and
- Be available to the Board of Supervisors for any County needs and services.

## Issue #9: Support to the Board Offices

*Finding: Several Board of Supervisors and their staff noted that their primary contact with the COB is when there are issues or problems.*

The Board of Supervisors offices are provided with daily mail delivery by COB Board Service Specialists. Other COB staff also occasionally provide services to the Board Offices. Yet interviews with the Board of Supervisors and their staff have expressed that they do not currently have regular communication with the Clerk of the Board, herself. There was an expressed desire to have regular communication in order to feel better supported by the department.

*Recommendation #11: Provide proactive support to the BOS members and staff.*

The COB should ensure that the BOS members and staff have their functional needs met, such as anticipating purchases/equipment for new staff and/or upcoming events, walking through the offices to see if there are building maintenance issues, reminding BOS staff of upcoming vacancies on Commissions, etc. This would require increased communication, knowing and understanding the BOS day to day and special activities through regular interactions with each of the BOS offices.

There was formerly an IT unit in the department until the current fiscal year when the positions were moved to a centralized OCIT Department for the County. Much of the work of the previous IT staff had been providing programming patches to the old software in order to continue using the software that is no longer supported by the companies that developed them. Much of the current procedures utilized in the COB today are shaped as a result of the technology being used, such as CAMS and Agenda Works, which are now decades old.

## Issue #10: Updating Technology

The department has traditionally pursued like-for-like technology in order to continue the use of their current practices with the least amount of disruption. The County of Orange is currently developing a new customized agenda management software system. Due to the County's current policies regarding the agenda process, there are more layers to the County's agenda process that will continue to make a heavier workload for COB agenda staff compared with other counties.

Other counties utilize less staff and have greater reliance on technology to organize and manage the work of the COB. Technology is available that can provide more transparency to the process and allows the County to have the ability to cut down on the use of hard copies/printing that gets passed between departments and the COB for the agenda. This will require updating the County's current agenda practices so that the new technology being developed for the County can also allow for an efficient process. This could potentially result in different staffing needs for the COB, as efficient processes may be developed that require less FTE's for the agenda process.

*Recommendation #12: Instead of utilizing like-for-like technology, consider updating the County's policies and procedures when updating technology to be able to utilize newer capabilities and features of available technology.*

The COB is in process of implementing a new agenda management system. The detailed business practices included in the request for proposals for the new system would allow the COB to primarily continue the County's current agenda business practices and procedures along with some enhancements. The County should consider utilizing business practices that can facilitate the agenda process. Our observation of the County's current agenda system is that the process is cumbersome, such as the requirement of departments to send hard copies of documents even as changes and/or updates are made. Changes and updates can be made more quickly to electronic versions of documents, even as a hard copy is in transit to the COB. Because of the many changes that are continually being made to the agendas and agenda items, there are several versions of the agenda with various versions of agenda items floating around. The County's current process of agenda development has also led to some BOS staff preferring to forgo the lengthy agenda process and submit

Supplemental agenda items.  These processes generate additional workload for the Board Services staff to publishing on going updates to a Supplemental Agenda.

The department should view the development of a new agenda management system as an opportunity to review features of available technology to improve the experience for all County users of the agenda process.  Other stakeholders/users to the agenda process include the BOS, CEO, County Counsel, and other departments that need items on an agenda in order to conduct the County's business.

The department overall, is sufficient in performing its required duties of the Clerk of the Board. The staff have been found to be responsible in fulfilling their assigned roles and duties. A leadership hierarchical structure is in place to ensure that the staff fulfill their roles for the department. We have found that the department is currently effective in its role for the County. There are a few ongoing issues in the department have the potential to negatively impact the County. Should action be taken on mitigating these issues, the department has the potential to become significantly more efficient and effective in performing its functions for the County.

## Issue #11: Communication

We have found that the staff in the department are capable and dedicated to their tasks, highlighted by several staff that have served in the department for several decades. One area for improvement mentioned in most of the interviews, was communication within the department, specifically between the units and from management. Improvements in internal communication within the department can improve its efficiency and effectiveness by allowing the department units to have better understanding of each other's roles and work together on achieving results.

Interviews with department stakeholders noted that the department sufficiently met County obligations. Several CEO and BOS staff mentioned that communication from the COB could be improved. Improvements in external communication with other departments could improve some of the current overlap and duplication of efforts with the CEO's Department as well as allow the department to better serve the administrative needs of the BOS.

*Finding: There is a need for regular communication internally within the department.*

Regular standing meetings among the department's management team should be held to ensure that departmental issues can be addressed in a timely manner. While standing meetings are scheduled, interviews noted that it is not unusual for them to be cancelled because of conflicting schedules or a lack of items for discussion with the other managers. The COB and/or Deputy COB should provide agendas for these meetings to develop proactive discussion items within the department that ought to be addressed among the managers.

*Recommendation #13: Establish consistent weekly meetings of the COB managers to address collective issues of the department.*

Weekly meetings of the managers should be used to address collective or shared management issues and strategies for managing the department. Issues of delegating and managing department-wide workload could be discussed. It could also be used as an opportunity for developing and utilizing strategic goals and objectives for the department.

*Recommendation #14: Managers should have consistent regular meetings with their unit.*

Regular meetings within each unit, whether formally or informally, would help the members in each functional unit to understand that they are part of a larger function, rather than merely performing a set of tasks and duties. These would give the opportunity for the manager of the unit to personally communicate with staff, allowing them to communicate a vision, goals, objectives, and challenges, so staff feel like part of a team. Staff will fare better with owning decisions when they understand the organization's vision. Regular meetings should be intentional and constructive, where the manager sets an agenda for discussion and allows for feedback. They could be used to inform the unit of upcoming workload, staffing, or technological changes as well as to discuss issues where the staff could be encouraged to provide feedback.

*Recommendation #15: The COB should offer regular meetings with the BOS and their staff.*

Interviews with the BOS and their staff noted the lack of presence of the COB in their offices, even as the COB should be providing services to the offices, including agenda items and other administrative services from the County. Because many of the BOS and staff are less likely to be long-term County employees, with regular turnover in staff due to the election process, there is a lack of working knowledge of the workings of the County, e.g. payroll procedures, purchases, the agenda process, etc. While there is County training available to the BOS staff, the COB should encourage staff to attend the trainings.

There was a desire by the BOS and their staff to have the COB to be more proactive in providing services to the BOS, rather than to only contact the COB when there are problems and issues.

## Issue #12: Staffing

The proper staffing and resources are the key to effective and efficient organizations. Current management and organizational studies throughout the country are proving the massive gains that can be achieved through improvements in leadership and management development. While there is delegation of regular roles and duties that are performed by the department, when it comes to special projects or circumstances that come up, the department should delegate those new roles while considering workload responsibilities. Special projects should be delegated to various staff members, allowing staff in the department to be invested in duties of the department.

*Recommendation #16: Delegate clerking of County Commissions to more of the COB staff.*

While the Lead Board Service Specialists in the Assessment Appeals unit regularly clerk hearings, the other Lead Board Service Specialists and Senior Board Service Specialists in the department provide back up, but do not have the prime responsibility to clerk meetings. The clerking of County Commissions could be delegated among all Senior Board Services

Specialists and above, with Board Service Specialists as back up clerks, to give opportunities to more staff to develop their clerking skills. Commission support is critical to ensure that the work of the County Commissions is meaningful, and the recommendations of the Commissions are regularly reported to the County and the BOS.

*Recommendation #17: The department should develop units as teams and provide cross-training opportunities.*

The Assessment Appeals unit functions well as unit because they are encouraged to cross-train in other responsibilities and have better knowledge and understanding of each other's role in each individual case. However, the members in the unit acknowledged that they often feel left out of the department as a whole because they are physically removed from the rest of the department, being on the first floor while the remaining staff are on the fourth floor. Sharing in a vision or goals of the department would allow staff to feel as a valued team member of the department. Cross training opportunities could include training in the other units especially when there is a lightened work load, so that staff could also be trained to help when there are heavier workloads or open staff positions. The department should provide opportunities to build a culture of a team, rather remain with siloed responsibilities within the department.

*Recommendation #18: Implement a career path for the Board Service Specialist classification for supervision and management in the County.*

The Board Services Specialists classification was developed in order to acknowledge and provide compensation for the staff in the Clerk of the Board, who provide a unique function for the County. There are currently limited opportunities for the Board Services Specialists to move up in their careers beyond the Lead Board Services Specialists and limited opportunity for staff to move laterally in the County without a significant salary decrease. Implementing a new Supervisor Board Service Specialists staff position could provide staff within the department the opportunity to grow their career in the department and the County by providing an additional step of supervision and management of other staff. By providing the direct responsibility to supervise and train other Board Services Specialists within a unit, it would also open doors to other supervisorial positions and eventually Countywide management positions.

## Issue #13: Organizational Structure

We are unable to recommend an exact number of staff required in the department, because the number of staff is dependent on the technology and the business processes that the County is willing to utilize. Other benchmarked counties manage the agenda process with half of the staff of the Orange County COB as shown in Figure III-4: *Benchmarking of other County Clerks of the Board*. In addition, we recommend that the COB reorganize around key responsibilities in each of the functional units, moving staff and positions that more closely align to responsibilities and allocated the proper number of staff to those units

according to responsibility and workload. The following recommendations are for positions and responsibilities in the department.

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*Recommendation #19: OCIT should provide an in-house IT position to implement new technology in the department.*

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Implementing new technology may require additional technological costs. We recommend temporarily allocating an on-site OCIT staff member to manage the technology changes for the COB, that could be relocated back to OCIT after technology is implemented. The IT staff should work closely under OCIT management in order to implement and migrate technology that benefits not just the functional unit, but the department and County as a whole. After the implementation and policy and procedure improvements, there will likely be cost savings to the department by requiring less staff to conduct the current procedures. E.g. receptionists can also respond to public records requests for the unit if files management was easier to navigate.

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*Recommendation #20: Reorganize the department around core functions and responsibilities.*

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Currently, the organizational units of the department have reflected the traditional functions of the COB. The roles of each of the units have developed as new needs have developed. The names and the organizational structure of the units should reflect their core functions. The functions should be more closely aligned to the key responsibilities of the department.

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*Recommendation #21: Change the Board Services unit name to Agenda and Commissions Services.*

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While the Board Services title for the unit would indicate that they serve the Board of Supervisors, their primary function has been the production of the agenda for the BOS meetings and well as providing services for County Commissions. Their primary stakeholder focuses on the departments for items that need to appear on the agenda for BOS meetings. Additionally, the Board Services unit also provides services for County Commissions, by managing County commission appointments and providing clerking services to several County Commissions. The name of the unit should properly reflect their role rather than a broad term that could easily describe the responsibility of the entire department.

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*Recommendation #22: Change the Administrative/Files Management unit name to Administrative Services to manage the administrative service functions for the BOS and the department.*

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Should the County decide that the responsibility of providing administrative services to the BOS remain with the COB, an Administrative Services unit would become the primary unit to provide regular administrative services to the BOS offices. Currently, these needs are managed by a variety of staff from the COB and the CEO. If the BOS and their staff have a

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need for County services, they have a phone list for who to contact, depending on the need and request. Rather, the BOS and their staff should be able to contact one person or unit at the department to help them, whether it be for a purchasing need, a maintenance issue, an IT issue, a human resource need, or a commissions appointment question. Should an Administrative Services unit be organized under the COB, it would be more apparent the BOS and their staff to understand their point of contact.

*Finding: Human Resources and Payroll for the BOS and department has primarily been delegated to the Executive Secretary.*

We found that the Executive Secretary, while maintaining many of the duties of an Executive Secretary, self-reported that 60% of her workload was providing human resource services to the COB and BOS offices, processing human resource needs, personnel issues, and payroll for the department. Because of the sensitive and confidential nature of Human Resources, much of this role should be delegated to the position of a Human Resource Manager and can be supported by the County's Human Resources Department. Additionally, because of the constant turnover of staff with the Board of Supervisor's Offices, especially upon election of a new Supervisor, there are much heavier Human Resource needs for the BOS than other departments without a Human Resource unit. Certification of timesheets for payroll requires a manager to coordinate with Supervisor's Offices and department managers to correctly manage, approve, and process days off.

*Recommendation #23: Human Resources for the BOS should be delegated to a confidential Human Resource Manager.*

Potentially, should administrative services to the BOS remain the responsibility of the COB, it should primarily be administered and managed by managers. Because they are directly providing services to the BOS and making management decisions for the department, this unit can be directly supervised by the Chief Deputy COB or COB and would include:

- Budget/Finance Manager – This position would manage the budgets of the COB and the budgets for the five Board of Supervisor offices, ensuring compliance with the budget as well as planning.
- Human Resource/Payroll Manager – This position would manage the human resource actions that are required with the Board of Supervisors. Due to term limits, there can be a revolving door of staff from the elected Board of Supervisor's offices. There are a large number of appointed commissioners that require new Board appointments and on-boarding of those commissioners to their role with the County. This position can also manage the payroll for the staff of the COB, BOS, and Commissioners, with the Deputy COB to sign off on payroll. Alternately, the County's Human Resources can provide the bulk of Human Resource services for the BOS and allow for the COB Executive Secretary to continue to manage these confidential services for the COB.
- Procurement Manager – This position would manage the procurement needs of the BOS and COB.

- Receptionist to the Board of Supervisors (BOS) – This position would be the primary receptionist for the Board of Supervisor's reception area. Currently being provided by the CEO's office, should the BOS budget be managed by the COB, the reception services for the BOS should be borne by the COB.
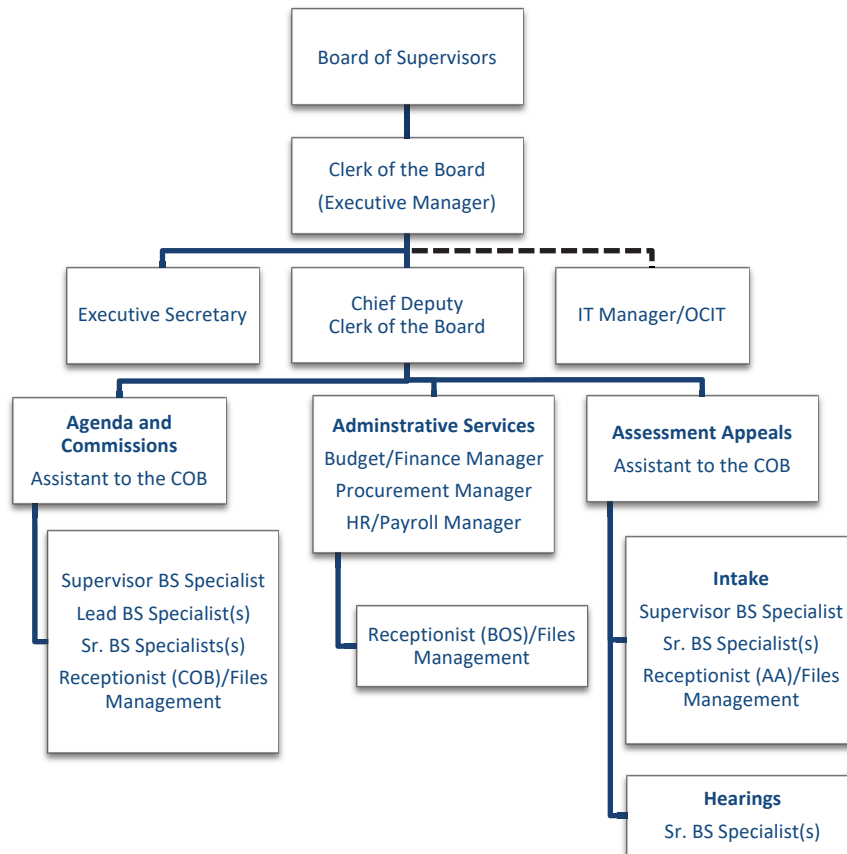


Figure VIII-1
Recommended Responsibilities/Organizational Chart

*Recommendation #24: Designate a Receptionist/Files Management position in each of the units.*

An additional reorganization recommendation would be to have a designated receptionist in each floor that the department manages. While the COB currently does not utilize an official receptionist, there should be someone within eyesight of the reception area with the responsibility provide services to the County departments and public who request public records. Because none of the reception areas typically experience high customer service traffic, in addition to providing receptionist services, these positions can also serve as the file manager for their respective units and support other administrative services of the unit. The COB and Assessment Appeals receptionist positions can also provide back up support for the BOS reception area for daily breaks and other time off.

# Appendix I – List of Recommendations

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| 1. Managers of the unit should develop a written procedures manual for their unit functions. | 8 |
| 2. The COB should meet with the BOS and CEO to re-evaluate the County's agenda process and procedures. | 11 |
| 3. Agenda workload should be distributed according to agenda items. | 12 |
| 4. Review the full agenda process and develop new agenda policies and procedures that accommodate County users. | 12 |
| 5. Dedicate a Board Service Specialists in the unit with the responsibility to upload and manage files for Assessment Appeals. | 15 |
| 6. Designate a receptionist for the Clerk of the Board office. | 17 |
| 7. Place a computer kiosk in the COB reception area to allow customers to enter their own public records requests. | 17 |
| 8. Utilize a professional files management service to implement a new electronic files management system that can integrate, organize, and manage all of the County's past, current, and new files, that could be easily accessible to County employees. | 17 |
| 9. Allow a Board Service Specialist to manage files in each COB functional unit. | 18 |
| 10. The COB should work with the BOS and CEO to develop a singular functional unit either within the COB or CEO with a manager to provide a full suite of administrative management services for the Board of Supervisors. | 20 |
| 11. Provide proactive support to the BOS members and staff. | 21 |
| 12. Instead of utilizing like-for-like technology, consider updating the County's policies and procedures when updating technology to be able to utilize newer capabilities and features of available technology. | 22 |
| 13. Establish consistent weekly meetings of the COB managers to address collective issues of the department. | 24 |
| 14. Managers should have consistent regular meetings with their unit. | 25 |
| 15. The COB should have offer regular meetings with BOS and their staff. | 25 |
| 16. Delegate clerking of County Commissions to more of the COB staff. | 25 |
| 17. The department should develop units as teams and provide cross-training opportunities. | 26 |
| 18. Implement a career path for the Board Service Specialist classification for supervision and management in the County. | 26 |
| 19. The OCIT should provide an in-house IT position in order to implement new technology in the department. | 27 |
| 20. Reorganize the department around core functions and responsibilities | 27 |
| 21. Change the Board Services unit name to Agenda and Commissions Services. | 27 |
| 22. Change the Administrative/Files Management unit name to Administrative Services to fully manage the administrative functions for the BOS and the department. | 27 |
| 23. Human Resources for the BOS should be delegated to a confidential Human Resources Manager. | 28 |
| 24. Designate a Receptionist/Files Management position in each of the units. | 29 |

# Appendix II – Lists of Interviews and Documents

LIST OF INTERVIEWS

List of Interviews of the Clerk of the Board Staff:

Clerk of the Board, Executive Manager
Executive Secretary
Chief Deputy, Clerk of the Board
Assessment Appeals, Assistant Clerk of the Board
Assessment Appeals, Hearings, Lead Board Service Specialists (3)
Assessment Appeals, Intake, Lead Board Service Specialist
Assessment Appeals, Intake, Board Service Specialists (4)
Board Services, Assistant Clerk of the Board
Board Services, Lead Board Service Specialists (2)
Board Services, Senior Board Service Specialists (2)
Board Services, Board Service Specialist
Administration and Files Management, Assistant Clerk of the Board
Administration and Files Management, Procurement Buyer
Administration and Files Management, Senior Board Service Specialists
Administration and Files Management, Board Service Specialists (3)

List of Interview of stakeholders of the Clerk of the Board:
Board of Supervisors (3), Chiefs of Staff (5), and other BOS Senior Staff (3)
County Executive Officer
CEO, Chief Financial Officer
CEO, Director Government & Community Relations
County Counsel, Chief Assistant

DOCUMENTS AND DATA
o Current Organization Chart
o Proposed Organization Chart (August 2019)
o Job descriptions and list of duties and responsibilities for each members of the department
o Mandated duties and responsibilities of the Clerk of the Board
o Accomplishments of the Clerk of the Board (October 2018)
o Departmental Budget FY 2019-20
o Implementing a Shared Services Strategy for Information Technology: Pilot Report (Orange County Information Technology)
o Departmental Policies and Procedures
o Position Allocation Request (IT Position to Assessment Appeals Manager)
o Request for Proposal for Board Agenda software, including OC Agenda Business Requirements
o *Rules of Procedures*: Adopted by the Orange County Board of Supervisors Amended 2/6/18

**CLERK OF THE BOARD RESPONSE TO PERFORMANCE AUDIT**

| | RECOMMENDATIONS | MANAGEMENT RESPONSE |
|---|---|---|
| 1 | Managers of the unit should develop a written procedures manual for their unit functions. | **Concur with Recommendation**<br>All divisions were in the process of reviewing and updating their division procedures when the performance audit commenced. |
| 2 | The COB should meet with the BOS and CEO to re-evaluate the County's agenda process and procedures. | **Concur with Recommendation**<br>The Clerk of the Board (COB) collaborates with County departments, County Executive Office (CEO), County Counsel and the Board offices in developing agendas and follows County policies and procedures including the Board's Rules of Procedures, Board Directives, and regulatory requirements such as the Brown Act. In 2018, COB, CEO, OC Information Technology (OCIT) and department Agenda Coordinators evaluated current processes and procedures and created a set of detailed business requirements that were included in a competitive bid and evaluation process for a new agenda management system. The detailed requirements ensure all requirements defined for the County would be met and numerous work arounds and inefficiencies would be eliminated. The new agenda management system solution will meet the County's requirements which include all stages of the agenda process lifecycle. It is important to note that departments often create their own internal processes that may benefit their department but may not work for other departments. Departments have created work-arounds/shadow systems using SharePoint or shared drives, in addition to use of Microsoft Word and email, to enhance their internal workflow/collaboration and approval processes. COB has no control over what departments create for themselves; however, their work arounds were reviewed and considered when developing the business requirements for the new agenda management system. |
| 3 | Agenda workload should be distributed according to agenda items. | **Concur with Recommendation**<br>The ability to have one point of contact (primary and secondary contacts) for departments ensures consistency in the processing of agenda items and allows departments to develop close working relationships with COB staff. The Board Services Manager has the ability to assign work to her staff at any time, as needed, in order to distribute the workload amongst her staff. Since the division currently has 2 vacant positions, the manager is reassigning workload amongst her staff in order to ensure workload is evenly distributed to staff. The workloads of all staff in the Board Services Division can fluctuate from meeting to meeting and may at times not be evenly distributed. |

**CLERK OF THE BOARD RESPONSE TO PERFORMANCE AUDIT**

| | RECOMMENDATIONS | MANAGEMENT RESPONSE |
|---|---|---|
| 4 | Review the full agenda process and develop new agenda policies and procedures that accommodate County users. | **Concur with Recommendation**<br>The existing agenda management system is over 19 years old and suffers a combination of poor user experience and outdated functionality, both of which affects the efficiency of County business operations.  In 2018,  the COB and OCIT released a Request for Information (RFI) for an agenda management system to determine and better understand what agenda management products are available in the marketplace. Eight responses were received, a cost comparison was completed and solution demonstrations were conducted. Upon conclusion of the demonstrations, the Subject Matter Experts agreed that it would be in the best interest of the County to issue a Request for Proposal (RFP) for an Agenda Management System. In 2018, the COB, CEO, OCIT and department Agenda Coordinators conducted detailed assessment of the agenda process and created a set of detailed business requirements for a new agenda management system. OCIT issued an RFP in December 2018. During the performance audit, OCIT was in the process of procuring a new agenda management system. The business requirements incorporated the ideas and requests from County users to further automate current manual processes in order to make the new system efficient. On May 5, 2020, the Board approved a contract with Prime Government Solutions, LLC for an agenda management system. The new system will provide a more robust and efficient cloud-based enterprise agenda management system. |
| 5 | Dedicate a Board Services Specialist in the unit with the responsibility to upload and manage files for Assessment Appeals. | **Do Not Concur with Recommendation**<br>Due to three vacancies in the Assessment Appeals Division, the COB does not have the staffing to dedicate one full time staff with the responsibility of uploading and managing files for the Assessment Appeals Division. The Files Management Division manages the departments official records, responds to public records requests, and assists the public and County departments with research of records. The responsibility to manage files should remain assigned to staff within the Files Management Division. This would ensure files are processed in a consistent manner and stored properly by staff per statutory record requirements, industry best practices and the COB's records retention schedule. |
| 6 | Designate a receptionist for the Clerk of the Board office. | **Do Not Concur with Recommendation at this time**<br>COB does not have the staffing, volume of telephone inquiries nor walk in visitors to warrant a full-time receptionist in all divisions of COB. In addition, to increase the visibility of visitors to our office, the public counter in the Files Management Division was remodeled in 2015/2016. The length of the counter was increased to allow staff to view visitors coming to our office and to move the counter further into the office space. Staff currently have the ability to readily acknowledge visitors to provide customer service for the department. The plans for the COB's new office at the County Administration North are being developed to incorporate this recommendation. |

**CLERK OF THE BOARD RESPONSE TO PERFORMANCE AUDIT**

| | RECOMMENDATIONS | MANAGEMENT RESPONSE |
|---|---|---|
| 7 | Place a computer kiosk in the COB reception area to allow customers to enter their own public records requests. | **Concur with Recommendation**<br>COB has a public computer in the Files Management Division lobby and another in the Board Services Division lobby where the public can enter their public records requests via NextRequest. The system helps customers request records from the County of Orange and facilitates public access to public records under the California Public Records Act (CPRA). However, at this time, due to the COVID-19 pandemic, the public computers are temporarily unavailable to the public. |
| 8 | Utilize a professional files management service to implement a new electronic files management system that can integrate, organize, and manage all of the County's past, current, and new files, that could be easily accessible to County employees. | **Concur with Recommendation**<br>Beginning in 2016, COB conducted a review of documents in the records storage area located in the basement of the Hall of Administration. The storage area was unorganized and records could not be easily located. A project was established to organize and create a scope of work for the scanning, indexing, and imaging of Board Meeting records. The intent of the project was to take a phased approach with the intent of moving to digital transformation to optimize records retention, storage and retrieval. The project was implemented prior to meeting with the performance auditor. To date, 612 boxes of agenda items from July 1987 through December 1997, 138 plans and specs approved by the Board and 425 rolls of 16mm microfilm have been scanned, indexed and imaged onto hard drives. All files have been moved to the Records Center along with an additional 876 boxes of agenda items from 1999 through 2012 that are already scanned, indexed and imaged in our agenda management system. Now, the basement storage contains Board agenda items from 1998 and 2013 through 2019.  These agenda items do not require to be converted since they are already maintained in our agenda management system but are being prepared to be boxed and moved to the Records Center for retention. With the COVID-19 pandemic and budgetary constraints, the digitizing of documents has been put on hold; however, the images and index data has been provided on USB hard drives to staff. This allows staff to easily access documents upon request until documents are digitized and a new system can be easily accessed to all County employees. |
| 9 | Allow a Board Service Specialist to manage files in each COB functional unit. | **Do Not Concur with Recommendation**<br>With five vacant positions in the department, we do not currently have the staffing for each division to have their own Board Services Specialist to manage files and records and do not have the budgetary funds to purchase high power scanners and licenses for multiple staff in each division. However, this recommendation will be kept in mind for future reference. |

**CLERK OF THE BOARD RESPONSE TO PERFORMANCE AUDIT**

| | RECOMMENDATIONS | MANAGEMENT RESPONSE |
|---|---|---|
| 10 | The COB should work with the BOS and CEO to develop a singular functional unit either within the COB or CEO with a manager to provide a full suite of administrative management services for the Board of Supervisors. | **Concur with Recommendation**<br>The administrative functions as outlined in the performance audit report provides for a single Administrative Manager to provide a multitude of assignments that cross divisions and departments.  COB will work with the Board and CEO to determine the feasibility of providing a full suite of administrative services for the Board. The plans for the COB's new office at the County Administration North are being developed to incorporate this recommendation providing budgetary resources are available. |
| 11 | Provide proactive support to the BOS members and staff. | **Concur with Recommendation**<br>COB will ensure regular communication is established with the Board Members and their staff for increased communication and support by COB. |
| 12 | Instead of utilizing like-for-like technology, consider updating the County's policies and procedures when updating technology to be able to utilize newer capabilities and features of available technology. | **Concur with Recommendation**<br>As stated in the response to Recommendation #2, COB, CEO, OCIT  and department Agenda Coordinators reviewed current processes and procedures and created a set of detailed business requirements that were included in a competitive bid and evaluation process for a new agenda management system. The detailed requirements ensure all requirements defined for the County would be met and numerous work arounds and inefficiencies would be eliminated. The new agenda management system solution will meet the County's requirements which include all stages of the agenda process lifecycle, poor user experience and outdated functionality which affects the efficiency of County business operations.  It will also address workarounds/shadow systems used by County Departments and enhance internal workflow/collaboration and approval processes.  The system will also be configurable/customizable to accommodate all County departments' various business requirements. |
| 13 | Establish consistent weekly meetings of the COB managers to address collective issues of the department. | **Concur with Recommendation**<br>COB has established weekly meetings with managers using Microsoft Teams to evaluate the department's operations, identify needs for change, approve recommendations for actions, allocate resources to accomplish department goals, address shared management issues and strategies for managing the department and discuss matters impacting the department due to the COVID-19 pandemic. |
| 14 | Managers should have consistent regular meetings with their unit. | **Concur with Recommendation**<br>The Clerk of the Board and Chief Deputy encourage managers to have regular meetings with their team members to reinforce the department's vision, values and mission, inform and update employees and to share successes, challenges and provide updates. Since staff are telecommuting due to the pandemic, the Clerk of the Board encourages managers conduct virtual meetings using Microsoft Teams. |
| 15 | The COB should offer regular meetings with the BOS and their staff. | **Concur with Recommendation**<br>COB will be more proactive in offering regular meetings to Board Members and their staff. |

# CLERK OF THE BOARD RESPONSE TO PERFORMANCE AUDIT

| | RECOMMENDATIONS | MANAGEMENT RESPONSE |
|---|---|---|
| 16 | Delegate clerking of County Commissions to more of the COB staff. | **Partially Concur with Recommendation**<br>COB understands the need for staff to be cross trained for support to various commissions and also for succession planning. In the Assessment Appeals Division, the Lead Board Services Specialists primary responsibility is to clerk Assessment Appeal Hearings.  The division does not have a Senior Board Services Specialist position; however, Board Services Specialists in the Intake Division have cross trained to learn and provide back-up support for hearings. In the Board Services Division, the Lead and Senior Board Services Specialists are assigned to provide clerking services for several County Boards, Commissions and Committee with one Board Services Specialist still pending training. Due to the five vacancies in the department, managers are working with each other to provide cross training amongst all divisions. |
| 17 | The department should develop units as teams and provide cross-training opportunities. | **Concur with Recommendation**<br>The Clerk of the Board and all managers encourage their staff to cross-train in other responsibilities within and/or not within their division. Over the past two years, many staff have expressed a desire to cross train and staff were provided the opportunity to do so and have established Performance Incentive Plan goals for cross training. |
| 18 | Implement a career path for the Board Service Specialist classification for supervision and management in the County. | **Concur with Recommendation**<br>In 2018, COB met with Human Resource Services (HRS) to discuss implementing a career path for the Board Services Specialist classification to include supervision and management for department succession planning. Due to budgetary constraints, the department was unable to create a new position within the department. In 2019, the department reclassified a vacant position in the Assessment Appeals Division and conducted a recruitment for an Administrative Manager I, resulting in a promotion within COB. This new position provides succession planning for the Assessment Appeals Division.  COB continues to work with HRS to look at ways to provide staff the opportunity to grow their career in the department. HRS has also conducted training and development for all staff on completing resumes/applications and tailoring their work experience and training to the position for which they may want to apply in the County. |
| 19 | OCIT should provide an in-house IT position in order to implement new technology in the department. | **Concur with Recommendation**<br>COB currently has a full time in-house OCIT shared services position whose responsibility is to provide support to COB and additional OCIT staff have also been trained to provide back-up support.  The use of the shared services model will ensure new technology is made available to the department. |
| 20 | Reorganize the department around core functions and responsibilities | **Partially Concur with Recommendation**<br>COB recognizes some of the divisions within the department have assumed new roles and responsibilities and names of the divisions could be updated. However,  the recommendations of name changes do not reflect the responsibility or actual work performed by the units. |

**CLERK OF THE BOARD RESPONSE TO PERFORMANCE AUDIT**

| | RECOMMENDATIONS | MANAGEMENT RESPONSE |
|---|---|---|
| 21 | Change the Board Services unit name to Agenda and Commissions Services. | **Do Not Concur with Recommendation**<br>Although the division's primary duties are to prepare and publish agendas for the Board and other authorities, staff perform other duties including acting as the Filing Official/Filing Officer for Statement of Economic Interests Form 700, receiving and processing claims, summons and complaints against the County and providing reception support when requested to the Board and other County departments. They assist departments, entities and the public with research and retrieval of information, research and process public records requests. |
| 22 | Change the Administrative/Files Management unit name to Administrative Services to fully manage the administrative functions for the BOS and the department. | **Do Not Concur with Recommendation**<br>The division currently provides administrative support services to the Board offices and COB in addition to files management responsibilities; as such, the recommended name change does not accurately reflect the primary duties of the division including providing copies of all records COB is required to maintain; assist other departments, entities and the public with research and retrieval of information; retrieve and certify documents for court; research and process all public records requests;  conduct purchasing, contract monitoring and petty cash management; and provide financial management for the Board and COB. |
| 23 | Human Resources for the BOS should be delegated to a confidential Human Resources Manager. | **Partially Concur with Recommendation**<br>HRS has been delegated to the Executive Secretary for the Clerk of the Board for over 20 years due to the related sensitive and confidential matters of the Clerk of the Board staff, the Board Members and their staff. Currently, the Executive Secretary processes human resources needs, personnel matters and payroll for the Clerk of the Board and the Board offices.  A dedicated Human Resource/Payroll Manager would be ideal; however, current staffing levels and budgetary constraints do not allow for implementation of this recommendation at this time. |
| 24 | Designate a Receptionist/Files Management position in each of the units. | **Do Not Concur with Recommendation**<br>COB does not have the staffing, volume of telephone inquiries nor walk in visitors to warrant a full-time receptionist/files management position in all divisions of COB; however, plans for the COB's new office at the County Administration North are being developed to incorporate this recommendation. |

# Memorandum

August 13, 2020

**AOC Agenda Item No. 11**

TO:         Audit Oversight Committee Members

<u>Recommended Action</u>:
Discuss Changes to County Internal Control Policy as a result of COVID-19 and Impact on County
Audits

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Discuss changes to County internal control policy as a result of COVID-19 and impact on County
audits, as stated in the recommended action.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 12**

TO:            Audit Oversight Committee Members

Recommended Action:
Approve Internal Audit Department's FY 2019-20 4th Quarter Status Report and approve Executive Summary of Internal Audit Reports for the Quarter Ended June 30, 2020

Approve Internal Audit Department's reporting, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – Internal Audit Department Status Report Memo
Attachment B – Executive Summary of Internal Audit Reports
Attachment C – Quarterly Status Report

INTERNAL AUDIT DEPARTMENT

July 21, 2020

To:        Audit Oversight Committee Members

From:     Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department Director

Subject:   Fiscal Year 2019-20 Internal Audit Department Status Report for the Quarter Ended June 30, 2020

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Attached for your review and approval is Internal Audit's status report on audit activity for the quarter ended June 30, 2020. Specifically, Attachment B is our "Executive Summary of Internal Audit Reports," which provides a summary of audits and follow-up audits conducted during the reporting period with a breakdown of the finding type (e.g., critical, significant, etc.). Attachment C is our "Quarterly Status Report," which is a listing of all of the audits scheduled for the year, along with the budgeted hours, actual hours, variance between budget and actual, and milestone comments for each audit.

For the quarter ending June 30, 2020, Internal Audit issued eight final reports (two original reports and six follow-up reports) and 12 draft reports. The two final original audits included one Critical Control Weakness, four Significant Control Weaknesses, and seven Control Findings.

If you have any questions, please contact me at 714.834.5442, or Assistant Director Scott Suzuki at 714.834.5509.

# INTERNAL AUDIT DEPARTMENT
## EXECUTIVE SUMMARY – FINDING TYPE CLASSIFICATION
## FOR THE QUARTER ENDED JUNE 30, 2020

| CATEGORY | ISSUED THIS PERIOD | ISSUED FOR FY 2019-20 |
|---|---|---|
| **Critical Control Weaknesses** <br> These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately. | 1 | 2 |
| **Significant Control Weaknesses** <br> These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions. | 4 | 15 |
| **Control Findings** <br> These are audit findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months. | 7 | 36 |
| **TOTAL** | 12 | 53 |

# EXECUTIVE SUMMARY
# INTERNAL AUDIT REPORTS
# FOR THE QUARTER ENDED JUNE 30, 2020

## ASSESSOR
**1. Information Technology Audit: Assessor Information Technology General Controls**
Audit No. 1844 dated June 30, 2020 for the nine months ended September 30, 2019

| OBJECTIVES | RESULTS | CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS |
|---|---|---|---|
| 1. Determine if internal control over IT operations was sufficient to provide adequate protection of IT resources. | We concluded Assessor's internal control over IT operations was sufficient to provide adequate protection of IT resources. | **One (1) Critical Control Weakness** Due to the sensitive nature of the specific finding, the details for the finding have been redacted from this report. | 7 |
| 2. Determine if internal control over change management was sufficient to provide adequate protection of critical systems. | We concluded Assessor's internal control over change management was sufficient to provide adequate protection of critical systems. | **Four (4) Significant Control Weakness** Due to the sensitive nature of the specific findings, the details for four findings have been redacted from this report. | |
| 3. Determine if internal control over IT security was sufficient to provide adequate protection of IT resources. | We concluded Assessor's internal control over IT security should be improved. | | |

## OC PUBLIC WORKS
**2. Internal Control Audit: OC Public Works Payroll**
Audit No. 1916 dated June 26, 2020 for the year ended December 31, 2019

| OBJECTIVES | RESULTS | CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS |
|---|---|---|---|
| 1. Assess internal control over payroll processing to ensure that payroll is complete, accurate, valid, timely, and in accordance with County and department policies. | We concluded that internal control over the payroll process is generally effective to ensure payroll (including payroll changes and premium pay) was complete, accurate, valid, timely, and in accordance with department procedures and management's authorization. | None | 0 |
| 2. Review the payroll process for efficiency. | We concluded that the payroll process is generally efficient. | | |

# EXECUTIVE SUMMARY
# INTERNAL AUDIT FOLLOW-UP REPORTS
# FOR THE QUARTER ENDED JUNE 30, 2020

## AUDITOR-CONTROLLER

3.  **First Follow-Up Information Technology Audit: Auditor-Controller Information Technology General Controls**

    Audit No. 1949-A (Reference 1741-F1) dated May 29, 2020 as of December 31, 2019; original audit dated March 7, 2019

| ORIGINAL AUDIT – 12 FINDINGS | | FOLLOW-UP STATUS | | |
|---|---|---|---|---|
| CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS | IMPLEMENTED/ CLOSED | NOT IMPLEMENTED/ IN PROCESS | PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS |
| 8 | 4 | 1 | 11 | **Recommendation Nos. 1, 2, 3, 4 (Critical Control Weakness).** Due to the sensitive nature of the findings, details have been redacted from this report. |
| **Four (4) Critical Control Weaknesses** Due to the sensitive nature of the findings, details have been redacted from this report. | | | | **Recommendation No. 5, 6, 8 (Significant Control Weakness).** Due to the sensitive nature of the findings, details have been redacted from this report. |
| **Four (4) Significant Control Weaknesses** Due to the sensitive nature of the finding, details have been redacted from this report. | | | | **Recommendation No. 9 (Control Finding).** Auditor-Controller was still determining the appropriate personnel to be notified of a backup job failure. |
| | | | | **Recommendation No. 10 (Control Finding).** Auditor-Controller is still revising and finalizing its IT Security policy. |
| | | | | **Recommendation No. 11 (Control Finding).** Auditor-Controller is still developing and finalizing policy and procedures governing the periodic user access certification review. |
| | | | | **Recommendation 12 (Control Finding).** Auditor-Controller is still developing and finalizing the policy and procedures governing privileged user access management. |

**CLERK-RECORDER**

4. **First & Final Close-Out Follow-Up Information Technology Audit: Clerk-Recorder County Agency Vital Records Index Access System**
   Audit No. 1949-B (Reference 1840-F1) dated June 1, 2020 as of December 31, 2019; original audit dated March 22, 2019

| ORIGINAL AUDIT – 6 FINDINGS | | FOLLOW-UP STATUS | | |
| --- | --- | --- | --- | --- |
| CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS | IMPLEMENTED/ CLOSED | NOT IMPLEMENTED/ IN PROCESS | PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS |
| 3 <br><br> **Three (3) Significant Control Weaknesses** <br> Due to the sensitive nature of the findings, details have been redacted from this report. | 3 | 6 | 0 | NA |

**OC PUBLIC WORKS**

5. **First Follow-Up Internal Control Audit: OC Public Works Facilities Operations & Custodial Billing**
   Audit No. 1939-E (Reference 1734-F1) dated June 26, 2020 as of May 31, 2019; original audit dated September 19, 2019

| ORIGINAL AUDIT – 3 FINDINGS | | FOLLOW-UP STATUS | | |
| --- | --- | --- | --- | --- |
| CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS | IMPLEMENTED/ CLOSED | NOT IMPLEMENTED/ IN PROCESS | PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS |
| None | 3 | 1 | 2 | **Recommendation No. 2 (Control Finding).** Both systems will be replaced by the AssetWorks system, which is scheduled for transition starting in summer 2020. <br><br> **Recommendation No. 3 (Control Finding).** OCPW is replacing the FM and MaintStar application with the AssetWorks system, which is scheduled for transition starting in summer 2020. |

**SHERIFF-CORONER**

6. **First & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner Billing of Law Enforcement Services for Harbor Patrol and Airport Police Services**
   Audit No. 1939-A (Reference 1632-F1) dated April 6, 2020 as of February 29, 2020; original audit dated June 18, 2019

| ORIGINAL AUDIT – 3 FINDINGS | | FOLLOW-UP STATUS | | |
|---|---|---|---|---|
| CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS | IMPLEMENTED/ CLOSED | NOT IMPLEMENTED/ IN PROCESS | PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS |
| 1 | 2 | 3 | 0 | NA |
| **One (1) Significant Control Weaknesses** Due to the sensitive nature of the finding, details have been redacted from this report. | | | | |

7. **Second & Final Close-Out Follow-Up Internal Control Audit: Sheriff-Coroner Special Revenue Funds**
   Audit No. 1939-O (Reference 1520-F1) dated June 1, 2020 as of April 30, 2020; original audit dated January 30, 2018

| ORIGINAL AUDIT – 2 FINDINGS | | FOLLOW-UP STATUS | | |
|---|---|---|---|---|
| CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS | IMPLEMENTED/ CLOSED | NOT IMPLEMENTED/ IN PROCESS | PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS |
| **None** | 2 | 2 | 0 | NA |

**SOCIAL SERVICES AGENCY**

**8.  Second & Final Close-Out Follow-Up Internal Control Audit: Countywide Audit of County Business Travel & Meeting Policy – Social Services Agency**
Audit No. 1939-R (Reference 1626-I-F2) dated April 7, 2020 as of March 25, 2020; original audit dated September 7, 2018

| ORIGINAL AUDIT – 6 FINDINGS | | FOLLOW-UP STATUS | | |
|---|---|---|---|---|
| CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS | CONTROL FINDINGS | IMPLEMENTED/ CLOSED | NOT IMPLEMENTED/ IN PROCESS | PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS |
| 5 | 1 | 6 | 0 | NA |
| **Two (2) Critical Control Weaknesses** <br> 1.  SSA was not properly completing reconciliations of a revolving cash fund which resulted in an unreconciled/unaccounted for amount of approximately $47,000. <br> 2.  When outlying revolving fund locations were seeking reimbursement from the SSA main fund for cash disbursements, the main fund custodian was writing checks payable to "cash". <br><br> **Three (3) Significant Control Weaknesses** <br> 1.  The revolving fund custodian accepted cash repayments. <br> 2.  Non-compliant timing of expense claim submittal. <br> 3.  Cash advances issued to employees with outstanding travel cash advances. | | | | |

**EXECUTIVE SUMMARY**
**APPENDIX A: DRAFT REPORTS**
**FOR THE QUARTER ENDED JUNE 30, 2020**

The following pre-draft/draft reports were issued during the reporting period:

1. **Internal Control Audit:  Auditor-Controller Fiduciary and Special Revenue Funds**, Audit No. 1818

2. **Internal Control Audit:  OCPW Payroll**, Audit No. 1916

3. **Internal Control Audit: Sheriff-Coroner Revolving Funds**, Audit No. 1917

4. **Internal Control Audit:  Sheriff-Coroner Cash Receipts**, Audit No. 1918

5. **Clerk-Recorder Senate Bill 2 Building Homes and Jobs Act Review**, Audit No. 1919

6. **Second Follow-Up Internal Control Audit:  Countywide Business Travel & Meeting Policy – County Executive Office**, Audit No. 1839-P

7. **First Follow-Up Internal Control Audit:  Health Care Agency Payroll**, Audit No. 1939-G

8. **First Follow-Up Internal Control Audit:  OC Waste & Recycling Fee-Generated Revenue**, Audit No. 1939-K

9. **First Follow-Up Internal Control Audit:  OC Public Works Fee-Generated Revenue**, Audit No. 1939-L

10. **Information Technology Audit: John Wayne Airport IT General Controls**, Audit No. 1941

11. **Information Technology Audit: Public Defender IT General Controls**, Audit No. 1942

12. **OCIT Ransomware Readiness Self-Assessment**, Audit No. 1908-F.

Internal Audit Department
4th Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 6/30/20
AOC Meeting Date: August 13, 2020

**Attachment C**

| Audit Category and Name [1,2,3] | Audit Number | Start Date | End Date | Multi-Yr Projects Total Budget | Actuals To Date | Budget | Changes | Revised Budget | #1 | #2 | #3 | #4 | Total | Est Remain | Budget Variance | FU Due | FU Number | Milestones & Comments [4] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Internal Control Audits (ICA)** | | | | | | | | | | | | | | | | | | |
| OCIT Contract Administration (FY 2017-18 carryover) | 1624 | 3/28/20 | | | | 400 | (155) | 245 | 0 | 0 | 53 | 188 | 241 | 0 | (4) | | | In process; FY 2020-21 carryover |
| Countywide Accounts Receivable Controls (FY 2017-18 carryover) | 1729 | 5/23/18 | | 275 | 242 | 400 | (400) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | Cancelled; redesignated T-TC only; assigned audit 2011 |
| OCIT Capital Assets (FY 2017-18 carryover) | 1732 | 11/30/18 | 12/30/19 | 440 | 435 | 0 | 50 | 50 | 21 | 25 | 0 | 0 | 46 | 0 | (4) | 6/30/20 | 1939-D | **Completed.** Final report issued 12/30/19 |
| A-C Claims | 1811 | 1/11/19 | 12/30/19 | 585 | 578 | 0 | 135 | 135 | 95 | 35 | 0 | 0 | 130 | 0 | (5) | 6/30/20 | 1939-F | **Completed.** Final report issued 12/30/19 |
| A-C Fiduciary Funds | 1818 | 3/10/20 | | | | 400 | 225 | 625 | 0 | 1 | 86 | 535 | 622 | 0 | (3) | | | Pre-draft report issued 6/25/20; final report expected Q1 |
| HCA Contracts & Procurement | 1819 | 4/25/19 | 3/23/20 | 465 | 469 | 400 | (10) | 390 | 242 | 135 | 9 | 0 | 386 | 0 | (4) | 9/30/20 | 1939-J | **Completed.** Final report issued 3/23/20 |
| OCPW Fee Generated Revenue | 1820 | 1/24/19 | 12/16/19 | 735 | 739 | 0 | 365 | 365 | 354 | 8 | 0 | 0 | 362 | 0 | (3) | 6/30/19 | 1939-K | **Completed.** Final report issued 12/16/19 |
| Probation P-Card | 1822 | 3/25/19 | 3/24/20 | 470 | 462 | 200 | 130 | 330 | 73 | 239 | 14 | 0 | 326 | 0 | (4) | 9/30/20 | 1939-M | **Completed.** Final report issued 3/24/20 |
| SSA Fiduciary Funds | 1823 | | | | | 400 | (260) | 140 | 0 | 0 | 134 | 1 | 135 | 0 | (5) | | | Planning; COVID-19 FY 2020-21 carryover |
| OCPW Purchasing & Contracts | 1911 | 12/03/19 | | | | 400 | 50 | 450 | 0 | 147 | 265 | 39 | 451 | 0 | 1 | | | In process; FY 2020-21 carryover |
| OCSD Purchasing & Contracts | 1912 | 10/08/19 | | | | 400 | 0 | 400 | 1 | 77 | 257 | 69 | 404 | 0 | 4 | | | In process; FY 2020-21 carryover |
| OCDA Revolving Funds | 1913 | 7/22/19 | | 670 | 666 | 400 | 250 | 650 | 270 | 222 | 133 | 21 | 646 | 0 | (4) | | | Draft report issued 4/27/20; final report expected Q1 |
| HCA/PG Fiduciary Funds | 1914 | 11/20/19 | | | | 400 | (100) | 300 | 50 | 156 | 82 | 11 | 299 | 0 | (1) | | | In process; COVID-19 FY 2020-21 carryover |
| HCA Fee Generated Revenue | 1915 | 6/13/19 | 3/23/20 | 437 | 435 | 400 | 20 | 420 | 238 | 171 | 9 | 0 | 418 | 0 | (2) | 9/30/20 | 2039-H | **Completed.** Final report issued 3/23/20 |
| OCPW Payroll | 1916 | 2/06/20 | 6/26/20 | | | 400 | (100) | 300 | 0 | 55 | 171 | 70 | 296 | 0 | (4) | N/A | N/A | **Completed.** Final report issued 6/26/20 |
| OCSD Revolving Fund | 1917 | 10/08/19 | | | | 400 | 225 | 625 | 98 | 168 | 227 | 131 | 624 | 0 | (1) | | | Pre-draft report issued 6/30/20; final report expected Q1 |
| OCSD Cash Receipts | 1918 | 10/08/19 | | | | 0 | 525 | 525 | 35 | 284 | 140 | 68 | 527 | 0 | 2 | | | Draft report issued 5/11/20; final report expected Q1 |
| C-R SB2 | 1919 | 1/08/20 | | | | 0 | 415 | 415 | 0 | 29 | 191 | 192 | 412 | 0 | (3) | | | Draft report issued 6/9/20; final report expected Q1 |
| COVID-19 Advisory | 1920 | 4/21/20 | | | | 0 | 50 | 50 | 0 | 0 | 0 | 57 | 57 | 0 | 7 | NA | NA | In process |
| Follow-Up Audits (FY 2018-19 carryover) | | | | | | 100 | (10) | 90 | 76 | 6 | 0 | 5 | 87 | 0 | (3) | | | |
| T-TC EFT Process 2FU (1583/1735-H) | 1839-M | 5/17/19 | 8/26/19 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 8/26/19, one item in process |
| HCA Human Services 1FU (1631) | 1839-O | 8/13/19 | 10/18/19 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 8/26/19, final close-out |
| Travel/Meeting 2FU CEO (1626-A/1839-A) | 1839-P | 8/13/19 | | | | | | | | | | | | | | | | Draft report issued 6/25/20; final report expected Q1 |
| First Follow-Up Audits | | | | | | 800 | (435) | 365 | 32 | 123 | 61 | 146 | 362 | 0 | (3) | | | |
| OCSD Billing of Law Enforcement Services to OC Dana Point Harbor and JWA (1632) | 1939-A | 3/04/20 | 4/6/20 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 4/6/20, final close-out |
| Countywide Accounts Receivable Controls (1729) | 1939-B | NA | NA | | | | | | | | | | | | | NA | NA | Cancelled; see 1729 |
| CEO/Real Estate Procurement/Contract Administration (1730) | 1939-C | 10/08/19 | 12/17/19 | | | | | | | | | | | | | 6/30/20 | 1939-S | **Completed.** Final report issued 12/17/19; two items in process |
| OCIT Capital Assets (1732) | 1939-D | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| OCPW Billing of Public Works Services to County Departments (1734) | 1939-E | 5/06/20 | 6/26/20 | | | | | | | | | | | | | 12/31/20 | 2039-M | **Completed.** Final report issued 6/26/20; two items in process |
| A-C Claims (1811) | 1939-F | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| HCA Payroll (1812) | 1939-G | 3/04/20 | | | | | | | | | | | | | | | | Draft report issued 6/18/20; final report expected Q1 |
| OCCR Payroll (1813) | 1939-H | 9/13/19 | 10/18/19 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 10/18/19; final close-out |
| OCCR/Animal Care Cash Receipts (1815) | 1939-I | 6/12/20 | | | | | | | | | | | | | | | | In process |
| HCA Contracts & Procurement (1819) | 1939-J | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| OCWR Fee Generated Revenue (1821) | 1939-K | 5/21/20 | | | | | | | | | | | | | | | | Draft report issued 6/24/20; final report expected Q1 |
| OCPW Fee Generated Revenue (1820) | 1939-L | 6/24/20 | | | | | | | | | | | | | | | | Draft report issued 6/26/20; final report expected Q1 |
| Probation P-Card (1822) | 1939-M | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| Probation Compliance (1841) | 1939-N | NA | NA | | | | | | | | | | | | | NA | NA | Cancelled; not required/no findings from 1841 |
| Second Follow-Up Audits | | | | | | | | | | | | | | | | | | |
| Sheriff Special Revenue Funds (1520/1735-C) | 1939-O | 10/11/19 | 6/1/20 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 6/1/20; final close-out |
| Travel/Meeting A-C (1626-D/1839-D) | 1939-P | 10/23/19 | 12/30/19 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 12/30/19; final close-out |
| Travel/Meeting COB (1626-E/1839-E) | 1939-Q | 9/18/19 | 12/18/19 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 12/30/19; final close-out |
| Travel/Meeting SSA (1626-I/1839-G) | 1939-R | 3/12/20 | 4/7/20 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 4/7/20; final close-out |
| CEO/Real Estate Procurement/Contract Administration (1730/1939-C) | 1939-S | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| Summary Close-Out | | | | | | 0 | 40 | 40 | 41 | 2 | 0 | 0 | 43 | 0 | 3 | | | **Completed.** Final reports issued for 1734, 1815, 1821, 1839-G |
| **Total Internal Control Audits** | | | | | | **5,900** | **1,010** | **6,910** | **1,626** | **1,883** | **1,832** | **1,533** | **6,874** | **0** | **(36)** | | | |

Internal Audit Department
4th Quarter Status Report for the Audit Oversight Committee
For the Quarter Ended 6/30/20
AOC Meeting Date: August 13, 2020

**Attachment C**

| Audit Category and Name [1,2,3] | Audit Number | Start Date | End Date | Multi-Yr Projects Total Budget | Multi-Yr Projects Actuals To Date | Budget | Changes | Revised Budget | #1 | #2 | #3 | #4 | Total | Est Remain | Budget Variance | FU Due | FU Number | Milestones & Comments [4] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Information Technology Audits (IT)** | | | | | | | | | | | | | | | | | | |
| TTC Sungard/Quantum upgrade (Department Request) (FY 2017-18 carryover) | 1647 | 6/12/17 | | 260 | 301 | 50 | (40) | 10 | 1 | 1 | 2 | 4 | 8 | 0 | (2) | NA | NA | In process; advisory engagement |
| PTS System Implementation (FY 2017-18 carryover) | 1754 | 7/01/18 | | 25 | 39 | 50 | (40) | 10 | 1 | 0 | 5 | 1 | 7 | 0 | (3) | NA | NA | In process; advisory engagement |
| Probation Compliance | 1841 | 11/30/18 | 3/12/20 | 495 | 500 | 200 | 50 | 250 | 164 | 49 | 13 | 22 | 248 | 0 | (2) | NA | NA | **Completed.** Final report issued 3/12/20 |
| Assessor IT General Controls | 1844 | 8/01/18 | 6/30/20 | 1,065 | 1,059 | 300 | 640 | 940 | 12 | 772 | 83 | 67 | 934 | 0 | (6) | 12/30/20 | 2059-E | **Completed.** Final report issued 6/30/20 |
| OCSD IT General Controls | 1845 | 2/14/19 | 12/30/19 | 565 | 560 | 0 | 200 | 200 | 166 | 27 | 2 | 1 | 196 | 0 | (4) | 6/30/20 | 1949-D | **Completed.** Final report issued 12/30/19 |
| SSA IT General Controls | 1846 | 1/29/19 | 10/24/19 | 575 | 565 | 0 | 100 | 100 | 70 | 21 | 0 | 0 | 91 | 0 | (9) | 4/30/20 | 1949-E | **Completed.** Final report issued 10/24/19 |
| JWA IT General Controls | 1941 | 8/13/19 | | | | 400 | 225 | 625 | 130 | 30 | 346 | 122 | 628 | 0 | 3 | | | Pre-draft report issued 5/07/20; final report expected Q1 |
| Public Defender IT General Controls | 1942 | 4/08/20 | | | | 400 | 75 | 475 | 0 | 0 | 4 | 473 | 477 | 0 | 2 | | | Pre-draft report issued 6/30/20; final report expected Q1 |
| HCA Cybersecurity | 1943 | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | Not started; COVID-19 FY 2020-21 carryover |
| COB Cybersecurity | 1944 | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | Not started; FY 2020-21 carryover |
| Countywide Cybersecurity Advisory | 1945 | 7/01/19 | 6/30/20 | | | 50 | (10) | 40 | 4 | 3 | 6 | 22 | 35 | 0 | (5) | NA | NA | **Completed.** Annual assignment |
| A-C Workforce/VTI Replacement | 2048 | 6/12/20 | | | | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 | 0 | 6 | NA | NA | In process; advisory engagement |
| Follow-Up Audits (FY 2018-19 carryover) | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| None | | | | | | | | | | | | | | | | | | NA |
| First Follow-Up Audits: | | | | | | 480 | (40) | 440 | 0 | 19 | 242 | 190 | 451 | 0 | 11 | | | |
| A-C ITGC (1741) | 1949-A | 10/11/19 | 5/29/20 | | | | | | | | | | | | | 11/30/20 | 2059-F | **Completed.** Final report issued 5/29/20 |
| C-R Department Request (1840) | 1949-B | 10/11/19 | 6/1/20 | | | | | | | | | | | | | NA | NA | **Completed.** Final report issued 6/01/20; final close-out |
| Assessor (1844) | 1949-C | NA | NA | | | | | | | | | | | | | NA | NA | Cancelled; reassigned 2059-E |
| OCSD ITGC (1845) | 1949-D | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| SSA ITGC (1846) | 1949-E | | | | | | | | | | | | | | | | | Not started; FY 2020-21 carryover |
| Second Follow-Up Audits | | | | | | | | | | | | | | | | | | |
| OCIT (1644/1746-A) | 1949-F | 2/03/20 | | | | | | | | | | | | | | | | In process |
| Summary Close-Out | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | NA |
| **Total Information Technology Audits** | | | | | | 1,930 | 1,160 | 3,090 | 548 | 922 | 703 | 908 | 3,081 | 0 | (9) | | | |
| **Total Audits Before Other Activities & Administration** | | | | | | 7,830 | 2,170 | 10,000 | 2,174 | 2,805 | 2,535 | 2,441 | 9,955 | 0 | (45) | | | |
| **Other Activities & Administration** | | | | | | | | | | | | | | | | | | |
| Annual Risk Assessment & Audit Plan | 1901 | | | | | 400 | 0 | 400 | 0 | 0 | 319 | 72 | 391 | 0 | (9) | | | **Completed.** Plan approved by Board |
| Cash Losses | 1902 | | | | | 100 | (100) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | **Completed.** Annual assignment; no referrals received for Q4 |
| Fraud Hotline | 1903 | | | | | 200 | (200) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | **Completed.** Annual assignment; no referrals received for Q4 |
| External Audit Reporting | 1904 | | | | | 300 | 0 | 300 | 74 | 58 | 58 | 106 | 296 | 0 | (4) | | | **Completed.** Q4 reporting completed |
| On-Demand Department Advisory Services | 1905 | | | | | 200 | (160) | 40 | 6 | 4 | 2 | 25 | 37 | 0 | (3) | | | **Completed.** Annual assignment |
| Annual Report | 1906 | | | | | 100 | (90) | 10 | 0 | 10 | 0 | 0 | 10 | 0 | 0 | | | **Completed.** Report issued |
| Board & AOC Services | 1907 | | | | | 200 | (135) | 65 | 14 | 4 | 26 | 19 | 63 | 0 | (2) | | | **Completed.** Q4 reporting completed |
| Special Projects | 1908 | | | | | 800 | 325 | 1,125 | 26 | 113 | 276 | 731 | 1,146 | 0 | 21 | | | **Completed.** Includes OCIT ransomware self-assessment (draft memo issued on 6/29/20), payroll data analytics development |
| CWCAP | 1909 | | | | | 0 | 60 | 60 | 60 | 0 | 0 | 0 | 60 | 0 | 0 | | | **Completed.** Submitted to A-C |
| **Total Other Activities & Administration** | | | | | | 2,300 | (300) | 2,000 | 180 | 189 | 681 | 953 | 2,003 | 0 | 3 | | | |
| Reserve for Board Directives/Contingency | | | | | | 2,408 | (2,408) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| **Total Budget** | | | | | | 12,538 | (538) | 12,000 | 2,354 | 2,994 | 3,216 | 3,394 | 11,958 | 0 | (42) | | | |
| | | | | | | Footnote 5 | Footnote 6 | | | | | | | | | | | |

**Footnotes**

**1.** The mission of the Internal Audit Department (IA) is to provide highly reliable, independent, objective evaluations and business and financial consulting services to the Board of Supervisors (Board) and County management to assist them with their important business and financial decisions. The director of Internal Audit shall report directly to the Board and be advised by the Audit Oversight Committee (AOC) designated by the Board. The director of Internal Audit and staff shall have complete and unrestricted access to all of the County's financial records, files, information systems, personnel, and properties, except where prohibited by law. The AOC is an advisory committee to the Board and provides oversight of IA and the external auditors. The scope of IA shall include reviews of the reliability and integrity of financial, compliance, property and business systems, and may include appraising the efficiency and effectiveness of operations and the achievement of business and program goals and

**2.** IA generates several different types of reports including audit reports, summary reports, and status reports. In addition, IA undertakes several different projects including audits of internal controls, audits of lessee compliance with County contracts, and audits of IT controls. IA also serves the AOC by providing clerk services (meeting agenda preparation, minutes, etc.) and by preparing summary reports.

**3.** The annual Audit Plan is subject to change for such events where the director of Internal Audit or Board majority assesses it is warranted, to substitute, postpone, or cancel a scheduled audit due to timing, priority, resource, or risk considerations. Such modifications will be noted in the Milestones & Comments section of this Quarterly Status Report for review by the AOC. **The acceptance of the Quarterly Status Report by the AOC authorizes both the content herein and any changes noted.** During the course of the year, the director of Internal Audit has discretion to research issues of interest to members of the Board, AOC, or County management and provide them with Technical Assistance. When charged, these projects will be directed either to Technical Assistance or to a separate project. Assistance of this nature generally involves between 10 and 80 hours and results are generally communicated through discussions, memos, or a written report for public distribution.

**4.** For purposes regarding fiscal year-end reporting, we consider assignments completed (**Completed**) as of the official release of an audit report to the department head, and are shown as such in our Milestones & Comments column of this Quarterly Status Report.

**5.** The inital FY 2019-20 Annual Audit Plan of 12,538 hours is based on 7,830 direct hours to be provided by seven senior auditors/audit manager I's, one audit manager II, and one senior audit manager plus 2,300 hours for other activities and administration/special projects and 2,408 hours reserved for Board directives/contingency. The direct hours exclude time charges for vacation, sick leave, holidays, training, administrative time, and other time not directly charged to an audit.

**6.** The 12,000 hour revised audit plan consists of: a) the 12,538 hour initial audit plan; b) less 538 hours at the audit manager and senior auditor levels.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 13**

TO:        Audit Oversight Committee Members

Recommended Action:
Receive Report on Status of External Audit Recommendations Implementation and Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2020

Receive Report on Status of External Audit Recommendations Implementation and Approve Quarterly External Audit Activity Status Report for the Quarter Ended June 30, 2020, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – External Audit Activity Status Report Memo
Attachment B – Executive Summary of External Audit Activity
Attachment C – External Audit Activity Quarterly Status Report
Attachment D – External Audit Report, Implementation Status of Prior Quarter Significant & Material Issues

# INTERNAL AUDIT DEPARTMENT

July 28, 2020

To:         Audit Oversight Committee Members

From:     Aggie Alonso, CPA, CIA, CRMA
            Internal Audit Department Director

Subject:  External Audit Activity Status Report for the Quarter Ended June 30, 2020

Attached for your review and approval is our External Audit Activity Status Report for the Quarter ended June 30, 2020. Pursuant to Audit Oversight Committee (AOC) Administrative Procedure Number 2, Reporting on External Audits, County departments are required to communicate the status of all third-party audits, including any significant audit findings identified, to Internal Audit on a quarterly basis. The procedure was established to keep the AOC informed of all third-party audits being performed and any significant findings identified. In addition, as requested by the AOC at the May 9, 2019 meeting, we have also included reported corrective action taken by County departments to implement the recommendations related to the significant audit findings identified.

To facilitate the AOC's review, we are pleased to include an Executive Summary that presents the total audit additions and deletions from the prior quarter, total current audits in process, references any new significant findings, and provides a summary of any material issues reported for the quarter, please see Attachment B. For individual report details, see Attachment C. Finally, for corrective action taken to implement recommendations, see Attachment D. For the quarter ended June 30, 2020, no new material issues were reported.

If you have any questions, please contact me at 714.834.5442, or Assistant Director Scott Suzuki at 714.834.5509.

# EXECUTIVE SUMMARY OF EXTERNAL AUDIT ACTIVITY
## For the Quarter Ended 06/30/20

| | | |
|---|---|---:|
| **SUMMARY ACTIVITY** | | |
| Total Audits Prior Quarter (03/30/20) | | **108** |
| Additions: | In Progress | **3** |
| | Planned | **1** |
| | Started and Completed | **0** |
| | | |
| Deletions: | Canceled | **0** |
| | Completed | **21** |
| | Removed | **27** |
| | | |
| Total Audits Current Quarter (06/30/20) | | **64** |
| (In Progress, Planned, and/or Completed this Quarter) | | |

**Results for the Quarter:**

Audits Completed, Canceled and to be Removed Next Quarter          **18**

New Findings/Issues Reported by the Departments          **0**

**Material Issues:** (Includes Disallowances over $100K)          **0**

**EXTERNAL AUDIT ACTIVITY**
**Quarterly Status Report**
**4th Quarter FY 19-20 (06/30/20)**

Results:

No material issues were reported to the Internal Audit Department this quarter.

The schedule below identifies the status of external audits as of 06/30/20, including any significant findings, as reported to us by Orange County Departments/Agencies.

This schedule does not include reviews performed by the OC Grand Jury.

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Assessor** | | State Board of Equalization | All Property Assessment and Valuation Practices | Every 5 Years | 2015 | Compliance with property tax legal requirements and samplings of property valuation data. | In progress. | |
| | | | | | | | | |
| **Auditor-Controller** | **Financial Reporting** | Eide Bailly, LLP | Single Audit | 6/30/19 Annual | 6/30/2018 | Uniform Guidance Expenditures of Federal Assistance | Completed. (Reported 3/31/20) | See Attachment D for corrective actions taken related to findings from this audit. |
| | | | | | | | | |
| **Child Support Services** | | Federal Office of Child Support (OCSE) | Data Reliability | 2018 Triennial | 4/1/16 | OCSE will conduct a full DRA audit of 2018 data. This consists of reviewing case samples. | In progress. | |
| | | Federal Office of Child Support (OCSE) | Data Reliability | 2019 Annual | 4/1/20 | OCSE will conduct a Data Reliability Review audit of 2019 data. This consists of reviewing case data without case samples. | In progress. | |
| | | | | | | | | |
| **Clerk of the Board of Supervisors** | | Arroyo Associates | Consultant Services | One-Time | N/A | Performance/ Operations Audit | In progress. | |
| | | | | | | | | |
| **Clerk-Recorder** | **Information Systems** | Lawrence R. Halme | SECURE: Modified System Audit | As Needed | 04/19 | Review substantive changes to the SECURE Multi-County ERDS system for compliance with the CA Attorney General ERDS certified system requirements. | Completed. | None. |
| | | | | | | | | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **County Counsel** | | No audits in progress. | | | | | | |
| | | | | | | | | |
| **County Executive Office** | **CFO** | USI Insurance Services | Workers' Compensation | One-Time | N/A | Bill Review Audit for Workers' Comp Third Party Administrator | In progress. | |
| | | CPS | CEO Risk Management | FY 19/20 One-Time | 01/12 | Performance/ Operations Audit | In progress. | |
| | | NIGP | County Procurement Office | One-Time | 07/14 | Performance/ Operations Audit | In progress. | |
| | **Budget** | No audits in progress. | | | | | | |
| | **Information Technology** | KPMG | Information Technology | One-Time | N/A | IBM Mainframe License Usage & Installation | In progress. | |
| | | DRMcNatty | Information Technology | One-Time | N/A | Performance/ Operations Audit | In progress. | |
| | **Corporate Real Estate** | No audits in progress. | | | | | | |
| | **Human Resource Services** | CPS HR Consulting | Human Resource Services | FY 19/20 One-Time | 08/15 | Performance/ Operations Audit | In progress. | |
| | | | | | | | | |
| **District Attorney** | | CA Department of Insurance (CDI) | Insurance Fraud Programs for Workers' Compensation, Automobile, Disability & Healthcare & Supplemental, High Impact, and Life & Annuity Consumer Protection | FY 17/18 - FY 18/19 Bi-Annual | FY 18/19 | Program Audit | Planned. | To be deleted next quarter. Audit not performed. |
| | | | | | | | | |
| **Health Care Agency** | **Administration** | No audits in progress. | | | | | | |
| | **Behavioral Health** | State Department of Health Care Services | DMC-ODS Desk Review | FY 19/20 Annual | FY 18/19 | Review of operation process and regulatory compliance | In progress. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Health Care Agency (continued)** | **Behavioral Health (continued)** | State Department of Health Care Services | Mental Health Cost Report; Short-Doyle/Medi-Cal Cost Report | FY 11/12 Annual | FY 10/11 | Adjusting Short Doyle Medi-Cal units of service/time, the distribution of administrative costs between Medi-Cal and non-Medi-Cal, the distribution of utilization review costs between Medi-Cal and non-Medi-Cal, crossover revenues, contract maximums, and the overall accuracy of computations in the cost report | In progress. | |
| | | Center for Medicaid & Medicare Services, Payment Error Rate Measurement (CMS PERM) | Mental Health Plan | 1/1/2016-11/9/2018 Triennial | N/A | CMS is measuring improper payments in Medicaid/CHIP under the PERM program. | In progress. | |
| | | State Department of Health Care Services contracted External Quality Review Organization (EQRO) | Mental Health Plan | FY 19/20 Annual | 18/19 | Service quality and management | Completed. | None. |
| | | California Health Policy Strategies, LLC | Mental Health Services Act/Prop 63 | One-time | N/A | Performance Audit and Evaluation of MHSA/Prop 63's: funding and how they are utilized and allocated; performance outcome and how they compare statewide and against other comparable counties | Completed. | None. |
| | | State Department of Health Care Services | Mental Health Services Act/Prop 63 (MHSA) Revenue and Expense Report | FY 09/10 Annual | FY 08/09 | Reconciliation of costs and revenues and documentations needed to support the MHSA Revenue and Expense Report | In progress. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Health Care Agency (continued)** | **Behavioral Health (continued)** | State Department of Health Care Services | Mental Health Services Act/Prop 63 (MHSA) Revenue and Expense Report | FY 10/11 Annual | FY 09/10 | Reconciliation of costs and revenues and documentations needed to support the MHSA Revenue and Expense Report | Planned. | |
| | | State Department of Health Care Services | SABG Desk Review FY19/20 | FY 19/20 Annual | FY 18/19 | Review of operation process and regulatory compliance | In progress. | |
| | | DHCS | Tri-Annual Review on Systems and Chart Reviews | FY 19/20 Tri-Annual | FY 16/17 | Review of compliance with Contract DHCS. Review of Policies and Procedures. Also, review of 20 consumers clinical charts. | Completed. | None. |
| | **Correctional Health** | Board of State Community Corrections (BSCC) | Juvenile Hall/Camps | Biennial | FY 17/18 | State Compliance of Title 15 Minimum Standards for Juvenile Correctional Facilities | In progress. | |
| | **Public Health** | State WIC Program | Family Health, Women, Infants and Children (WIC) program | FFY Biennial | FFY 17/18 | Program Compliance | Planned. | |
| | | California Department of Health Care Services, Cancer Detection and Treatment Branch | Health Promotion Division, Every Woman Counts (EWC) | Annual | FY 18/19 | Non-monetary Program Monitoring site visit which includes: PWPT and training materials presentation, PHI storage/HIPPA compliance, Patient navigation | In progress. | |
| | | Gilbey and Associates | Public Health Nursing Division | FY 18/19 Annual | FY 17/18 | Fiscal and Program Compliance | In progress. | |
| | | DHCS Audits & Investigations - Targeted Case Management | Targeted Case Management, Program Financial Audit of the TCM Cost Report | FY 14/15 Annual | FY 12/13 | All aspects related to fiscal compliance for charges claimed on the cost report | Completed. | None. |
| | | DHCS Audits & Investigations - Targeted Case Management | Targeted Case Management, Program Financial Audit of the TCM Cost Report | FY 15/16 Annual | FY 14/15 | All aspects related to fiscal compliance for charges claimed on the cost report | Completed. | None. |
| | | DHCS Audits & Investigations - Targeted Case Management | Targeted Case Management, Program Financial Audit of the TCM Cost Report | FY 16/17 Annual | FY 15/16 | All aspects related to fiscal compliance for charges claimed on the cost report | In progress. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Health Care Agency (continued)** | **Regulatory / Medical Services** | California Emergency Management Agency (Cal EMA) | Health Disaster Management - State Homeland Security Funds; HCA is subrecipient through OCSD | GY 2006; Varies | N/A | Compliance field review - Grant Year 2006, 2007 and 2008 Note: OCSD is the lead on this audit and is coordinating all findings and responses. | Draft report issued 2/2/12. **As of 03/2020, OCSD has contacted Cal OES and requested a status of the close out for this audit. A response from Cal OES is pending.** | <u>**Reported in Prior Quarters:**</u> Estimated findings total $742,852 ($183,101.51 leases and $559,750.23 equipment), of which HCA requests clarification of approximately $41,000 pertaining to subgrantee charged expenditures belonging to another grant year.  HCA does not concur with the remaining estimated findings of $701,852.  Since the draft report is being discussed with the State and HCA disagrees, we will not yet consider this a finding (same status as several prior fiscal years). |
| | | | | | | | | |
| **John Wayne Airport** | **Finance Administration** | No audits in progress. | | | | | | |
| | **Operations** | No audits in progress. | | | | | | |
| | | | | | | | | |
| **OC Community Resources** | **Housing Community Development** | HUD | CDBG & ESG Financial & Procurement | FY 17/18 | N/A | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | In progress. | |
| | | U.S. Department of Housing and Urban Development (HUD) | CoC, CDBG, HOME, ESG | FY 17/18 Triennial | N/A | The scope of this monitoring will include review of environmental files and supporting documentation, interviews with key staff and may include a brief visiti to project sites. | In progress. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **OC Community Resources (continued)** | **Office on Aging (OoA)** | Caifornia Dept of Aging | Office on Aging | FY 16/17 - FY 18/19 Triennial | FY 15/16 | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | In progress. | |
| | | CA Department of Aging | Office on Aging | FY 18/19 | N/A | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | Completed. | None. |
| | **Community Investment Division** | State WIOA | WIOA Formula | Program Year & Annual | PY 18/19 | WIOA Program policies and procedures, service delivery, etc. | Planned. | To be deleted next quarter. Audit not performed. |
| | | State WIOA | WIOA Equal Opportunity | Program Year & Annual | PY 18/19 | Compliance regarding nondiscrimination and equal opportunity provisions. | Planned. | To be deleted next quarter. Audit not performed. |
| | | CID California Department on Aging (CDA) | SCSEP Monitoring | Program Year & Annual | 04/17 | Program implementation, participant eligibility, community service assignments, etc. No monitoring report issued for data validation. | Planned. | To be deleted next quarter. Audit not performed. |
| | | Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area | WIOA - Fiscal and Procurement | 16/17 Annual | 15/16 | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | In progress. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **OC Community Resources (continued)** | **Community Investment Division (continued)** | Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area | WIOA - Fiscal and Procurement | 17/18 Annual | 16/17 | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, methods of procurement, property management, etc. | In progress. | |
| | | Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area | WIOA Fiscal & Procurement | 18/19 Annual | 17/18 | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | In progress. | |
| | | Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area | WIOA (NEG Fire) - Fiscal and Procurement | 17/18 One-Time | N/A | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | In progress. | |
| | | Employment Development Department (EDD), Department of Labor (DOL), & Office of Inspector General (OIG) | WIOA (NEG Fire) - Fiscal and Procurement | 17/18 N/A | N/A | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | In progress. | |
| | | Employment Development Department (EDD) - State Workforce Innovation & Opportunity Act (WIOA) Development Area | WIOA Fiscal & Procurement | 19/20 Annual | 18/19 | Fiscal policies and procedures, accounting system, program income, expenditures, internal control, procurement policies and procedures, property management, etc. | Planned. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **OC Community Resources (continued)** | **OC Parks** | No audits in progress. | | | | | | |
| | **OC Libraries** | No audits in progress. | | | | | | |
| | **OC Animal Care** | Macias, Gini & O'Connell LLP | City Billing | 17/18 Triennial | N/A | Contracted examination of calculation of cost recovery from contracted cities | In progress. | |
| | | | | | | | | |
| **OC Public Works** | **Accounting** | California Department of Transportation | San Juan Creek Bike Trail, 17th Street at Esplanade, Antonio Parkway | 12/31/13 | N/A | Audit of incurred costs | In progress. | |
| | **Accounting and Infrastructure Programs** | Crowe, LLP | OCTA M2 Local Fair Share | FY 18/19 | 2015 | Audit to determine level of compliance with the provisions of Measure M Local Transportation Ordinance No. 3. | Completed. | None. |
| | | State Controller's Office | Santa Ana River Mainstem Project | 10/1/2014 - 6/30/2018 | 2016 | Audit to determine whether costs claimed were allowable and in compliance with the Department of Water Resources Guidelines for State Reimbursement on Flood Control Projects, and adequately supported. | Completed. | None. |
| | **Administrative Services** | Transportation Corridor Agency (TCA) | Road Fee Programs (TCA Fees specific) | CY 2019 Annual | 05/19 | TCA Fee Program for CY 2019. Audit of major thoroughfare fees collected by the County of Orange. | Completed. | None. |
| | | | | | | | | |
| **OC Waste & Recycling** | **Accounting** | No audits in progress. | | | | | | |
| | | | | | | | | |
| **Probation** | **Administrative and Fiscal** | California Dept. of Education | Nutrition Services Division - Food contracts | 2018-2019 | N/A | Review of food contracts and the procurement/ solicitation methods | In progress. | |
| | | | | | | | | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Public Defender** | | No audits in progress. | | | | | | |
| | | | | | | | | |
| **Registrar of Voters** | | No audits in progress. | | | | | | |
| | | | | | | | | |
| **Sheriff-Coroner** | **Financial/ Administrative Services** | Cal EMA / Grants Management Section | Homeland Security Grants | FY 06 through 08 | FY 06/07 | Financial / Compliance | In progress. **As of 03/2020, OCSD has contacted Cal OES and requested a status of the close out for this audit. A response from Cal OES is pending.** | This audit is also reported under HCA / Regulatory/Medical Services. |
| | | Office of the State Controller Division of Audits | SB 90 Audit (PC 530.5) - Identity Theft Reports | FY02/03 thru FY12/13 | N/A | Claimed Costs | Completed. (Reported 3/31/20) | See Attachment D for corrective actions taken related to one matterial issue from this audit. |
| | | Cal EMA / Grants Management Section | Homeland Security Grants | FY 17 through 19 | FY 09/10 | Financial / Compliance | In progress. | |
| | | Arroyo Associates | AB 109 | FY 14/15 - FY 18/19 | N/A | Performance Audit | In progress. | |
| | **Custody Operations** | Disability Rights Commission (DRC) | Theo Lacy, Central Men's Jail, Intake Release Center, James A Musick Facility | Current | N/A | Disability Rights | In progress. | |
| | **Technology** | Dimension Data | Service continuity, disaster recovery | 06/18 to 08/18 | N/A | Review business critical applications, provide recommendations and documents for BC/DR. | In progress. | |
| | | Tech Advisory Committee (TAC) | IT | Quarterly / Semi-Annual | 2017 | Operational Review | In progress. | |
| | **Records** | No audits in progress. | | | | | | |
| | **Orange County Crime Lab** | No audits in progress. | | | | | | |
| | | | | | | | | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Social Services Agency** | **Administrative Services** | CDSS Fiscal Monitoring Bureau | County Expense Claim (CEC) and Assistance Claims | As Needed | 12/16 | Review of the CEC and Assistance Claims. | Planned. | To be deleted next quarter. Audit not performed. |
| | | Social Security Administration | Supplemental Security Income (SSI) Retirement and Survivors Disability Insurance (RSDI) | TBD Every 3 to 4 years | 04/17 | Review of compliance with Children & Family Services representative payee responsibilities for SSI. RSDI eligible dependent children in and out of home care. | Planned. | To be deleted next quarter. Audit not performed. |
| | **Assistance Programs** | California Department of Social Services (CDSS) | CalFresh | 08/19 Annual | 08/17 | Management evaluation of CalFresh Program access with an emphasis on the recertification process and timeliness of application processing, payment accuracy, and assessment of corrective action. | In progress. | |
| | | California Department of Social Services (CDSS) | CalFresh Employment & Training (CF E&T) | 3/27/19 Annual | N/A | Management evaluation of the County's CF E&T program to determine the compliance of the program rules and regulations, and the County's approved CF E&T plan. | In progress. | |

| Department / Agency | Division | Name of Third Party Auditor | Program, Process, or Area | Audit Period & Frequency | Date Last Audited | Audit Scope | Status as of June 30, 2020 | Significant Findings |
|---|---|---|---|---|---|---|---|---|
| **Social Services Agency (continued)** | **Family Self-Sufficiency & Adult Services** | California Department of Social Services (CDSS) | In-Home Supportive Services (IHSS) | Annual | 04/19 | Quality Assurance monitoring of OC's administration of IHSS program. This includes a review of active and denied cases, including home visits and cases previously reviewed by Adult Services Quality Assurance/ Quality Improvement unit. | Planned. | To be deleted next quarter. Audit not performed. |
| | | California Department of Social Services (CDSS) Performance Monitoring Unit (PMU) | Federal Temporary Assistance for Needy Families (TANF) and Work Incentive Nutritional Supplement (WINS) | FY 2018 Bi-Annual | FY 2016 | To ensure compliance with Federal TANF and WINS data reporting requirements and work verification procedures. | In progress. | |
| | | California Department of Social Services (CDSS) | Temporary Assistance for Needy Families (TANF) | Annual | 03/19 | Test for internal control and compliance with federal laws, regulations, and requirements for TANF funds. The auditor reviews randomly selected cases, reports, and processes. | Planned. | To be deleted next quarter. Audit not performed. |
| | | | | | | | | |
| **Treasurer-Tax Collector** | **Treasury and Investments** | Eide Bailly, LLP (Formerly VTD) | Annual IPS Compliance | FY 17/18 Annual | 6/30/2017 | Required Annual Examination of the Treasurer's Investment Compliance with Government Code 27130-27137 and County Investment Policy Statement | Completed. | None. |
| | | Eide Bailly, LLP (Formerly VTD) | Annual Audit of Statement of Assets Held by the County Treasury | 6/30/18 Annual | 6/30/17 | California Government Code 26920(b) | In progress. | |
| | | Eide Bailly, LLP (Formerly VTD) | Annual Audit of Statement of Assets Held by the County Treasury | 6/30/19 Annual | 6/30/18 | California Government Code 26920(b) | In progress. | |

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EXTERNAL AUDIT REPORT
Implementation Status of Prior Quarter Significant & Material Issues
Quarter Ended June 30, 2020

| No. | Department | Audit Name | Finding | Recommendation | Material or Significant | Implementation Status* & Actions Taken or Planned |
|---|---|---|---|---|---|---|
| 1 | CEO | Single Audit YE 6/30/19 | ITGC: Certain entity-wide information technology general control policies and procedures were in process of developing, but had not fully deployed (Part of PY Findings 2017-001 and 2018-001). | We recommend that the County implement the Usage and IT Security Policies to ensure the risk of inaccurate information is minimized and the integrity of the data is maintained. | Significant | **Implemented.** The County Cybersecurity Policy which outlines IT password controls, was voted on officially and approved by the Cyber Security Joint Task Force (CSJTF) in August 2019. The policy was subsequently approved by the IT Executive Council and signed by our CIO and CEO for its full execution on February 25, 2020. |
| 2 | SSA | Single Audit YE 6/30/19 | **Supplemental Nutrition Assistance Program (SNAP) Cluster:** Benefits were continued without proper supporting documents. | We recommend that the County strengthen its established policies and procedures with regard to initial and ongoing eligibility determination, required documentation and verifications, maintenance of participant files, and ensure that policies and procedures are strictly adhered to by County personnel. | Significant | **Not Yet Implemented**. Due to the COVID-19 pandemic, our priorities rapidly shifted and we have not been able to share the Single Audit Findings through a mandatory Program Summary meeting (expected completion date August 2020). We have however continued to utilize the SAR 7 processing Report to identify SAR 7s that have been received, assigned, marked processed in TMS and not processed in CalWIN. Entering income correctly, reviewing wrap-up, ensuring documents are imaged, entering case comments, and processing IEVS reports timely and accurately are constant reminders and included in our resources employees are able to reference. |
| 3 | OCCR | Single Audit YE 6/30/19 | **Workforce Innovation and Opportunity Act (WIOA Cluster):** Subawards had instances of where evaluation of the subrecipient's risk of noncompliance was not documented. | We recommend that OCCR follow the implemented policies and procedures to ensure that the required evaluation of the subrecipient's risk of noncompliance be documented in accordance with 2 CFR section 200.331(b). | Significant | **Implemented.** OCCR added and implemented the Pre-Award Risk Assessment to the Contract Compliance Checklist. The Pre-Award Risk Assessment will be completed following the completion of every RFP but prior to award recommendation. |
| 4 | HCA | Single Audit YE 6/30/19 | **Block Grants for Community Mental Health Services and HIV Emergency Relief Project Grants (Ryan White Part A):** Certain required information was not provided at the time of subaward. | We recommend that the Health Care Agency modify and strengthen its current policies and procedures to ensure that all required award information and applicable requirements are communicated to subrecipients at the time of subaward in accordance with 2 CFR section 200.331(a). | Significant | **Implemented.** The HCA Contract Services Division has developed an agreement template with the required Federal Award information and it was implemented in December 2019. These changes are applied prospectively to new contracts. |
| 5 | OCSD | SB 90 Audit (PC 530.5) - Identity Theft Reports | Overstated the time increments required to perform the reimbursable activities. This occurred due to the vague language in the SB 90 Parameters and Guidelines. | The State Legislature suspended the Identity Theft Program in the FY 2013-14 through FY 2019-20 Budget Acts. If the program becomes active again, we recommend that the county: - Follow the program's parameters and guidelines and the SCO's claiming instructions when preparing its mandated cost claims; and - Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported. | Material | **Implemented.** OCSD has gained better clarity as a result of the SB90 Identity Theft Audit and the applicable Parameters and Guidelines. We will ensure that future claimed costs are properly supported. |

* Implementation status reported as (1) implemented, (2) in progress, or (3) not yet implemented.

# Memorandum

August 13, 2020

**AOC Agenda Item No. 14**

TO:        Audit Oversight Committee Members

Recommended Action:
Receive Internal Audit Department's Fiscal Year 2019-20 Key Performance Indicator Report

Receive Internal Audit Department's Fiscal Year 2019-20 Key Performance Indicator Report, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – KPI Status Report FY2019-20

**INTERNAL AUDIT DEPARTMENT**
**KPI STATUS REPORT**
**FY 2019-20**

| KPI | DESCRIPTION | GOAL | Q4 STATUS |
|---|---|---|---|
| **PROVIDE DEPARTMENT FOCUSED SERVICES** | | | |
| 1. Customer Service (budget book) | We request departments complete a customer service survey after every audit. Departmental feedback helps ensure we maintain professional courtesy and provide value added services | Achieve an average overall rating of 4.0 or higher. | FY average is 4.8. |
| 2. Risk-Based Audit Coverage | Allocating resources to high risk areas and business processes helps ensure effective allocation of limited audit resources. | 100% of available staffing resources are applied to high risk business processes or high priority areas as requested by the Board, CEO, or department heads. | All available staffing resources were assigned to high risk areas identified in the FY 2019-20 risk assessment. |
| 3. Transparency of Audit Function | Posting reports we issue demonstrates accountability for our work to the public and that we are transparent with respect to the work we perform. | 100% of reports issued are posted to the department website for public viewing within five business days of release. | 27 of 27 (100%) final reports were posted to the department website within five business day of release |
| **EXECUTE HIGH-QUALITY WORK** | | | |
| 4. Recommendations Concurred with by Management (budget book) | Demonstrates our commitment to partner with departments to improve operations and that our recommendations add value and have merit. | 80% of audit recommendations receive a management response of concur or partially concur. | 53 of 53 (100%) recommendations were concurred with by management |
| 5. Audit Plan Approval | Preparation of a risk-based audit plan provides a road map for audit coverage and provides resource allocation information to stakeholders and those charged with oversight. | Receive approval from the Audit Oversight Committee (AOC) and Board of Supervisors on the Annual Risk Assessment & Audit Plan. Receive quarterly approval from the AOC for any adjustments/updates. | The FY 2019-20 audit plan was approved by the Board and AOC; Q4 update pending |
| 6. Quality Assessment Reviews | Quality assessments are required by professional audit standards and help ensure the audit function is performing its duties in an effective and efficient manner. | Cause an external quality assessment to be completed every five years and receive a generally conforms opinion. | The county internal audit function received an external quality assessment in April 2017. As a new department, the next EQA will not be due until June 2023 |

| | | | |
|---|---|---|---|
| 7. Follow-Up Audits | Follow-up of initial audit recommendations is required by professional standards and helps ensure departments address agreed upon audit recommendations in a timely manner. | 90% of audit engagements are followed-up on within one-year of the initial audit report issuance date. | 9 of 10 (90%) FUAs completed within one year of initial audit report issuance. |
| 8. Reporting | Prompt issuance of draft reports to departments can demonstrate effective engagement management and provides timely recommendations to enable faster corrective action. | 80% of audit engagements result in issuance of a draft report within six months of fieldwork commencement. | 13 of 16 (81%) reports were issued within six months of fieldwork commencement |
| FACILITATE COST-EFFECTIVE PROJECTS | | | |
| 9. Budget (budget book) | Effective management of audit operations requires ensuring engagements adhere to approved budgets. | 80% of engagements are completed within 125% of the approved budget. | 10 of 14 (71%) engagements were completed within 125% of the original budget. |
| 10. Chargeable Time (Utilization) | Time charged directly to audit or advisory engagements demonstrates resources being applied to the benefit of County departments and minimizing non-chargeable "overhead". | 80% of staff productive work hours are charged to audit or advisory engagements. | Staff utilization for FY is 79%. |
| PROMOTE PROFESSIONAL DEVELOPMENT | | | |
| 11. CPA License or Professional Certifications for Management | Staffing the department with licensed or certified managers helps provide assurance to departments there is appropriate knowledge and skill in those charged with leading the County audit function. | 100% of audit managers and executive management possess a CPA license or an audit related certification, e.g., CIA, CISA, CFE. | All six audit managers/assistant director and the director possess a license and/or audit related professional certification. |
| 12. Professional Training for Staff | Training helps ensure staff skills are current and relevant to our mission. | 100% of staff complete at least 40 hours of continuing professional education or training per fiscal year. | 10 of 10 (100%) completed 40 hours or more of training for the FY. |

# Memorandum

August 13, 2020

TO:        Audit Oversight Committee Members

Recommended Action:
Receive Report on Internal Audit Department's Independence

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Receive Report on Internal Audit Department's Independence, as stated in the recommended action.

ATTACHMENT(S):
Attachment A – Report on Internal Audit Department's Independence

# INTERNAL AUDIT DEPARTMENT

August 7, 2020

To:         Audit Oversight Committee Members

From:     Aggie Alonso, CPA, CIA, CRMA
            Internal Audit Department Director

Subject:    Report on Internal Audit Department's Independence

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The International Standards for the Professional Practice of Internal Auditing (Standards) of the Institute of Internal Auditors requires that the chief audit executive confirm to the Board, at least annually, the organizational independence of the internal audit activity (Standard 1110).

To that end, this memo serves to confirm that for the period of July 1, 2019 through June 30, 2020, the Internal Audit Department's internal audit activity has been free from interference in determining the scope of internal auditing, performing work, and communicating results. For example, during this period, the Board of Supervisors and Audit Oversight Committee approved the Annual Risk Assessment & Audit Plan for FY 2020-21, appropriately received communications from the chief audit executive regarding the internal audit activity's performance relative to its plan and other matters, and made appropriate inquires of management and the chief audit executive to determine whether there were inappropriate scope or resource limitations.

This report on independence will also be presented to the Board of Supervisors at its September 29, 2020 meeting.