



MEMORANDUM

TO: Board of Supervisors

FROM: Kelly F. Cox
County Administrative Officer

SUBJECT: Response to 2010-11 Grand Jury Final Report

DATE: August 29, 2011

This memorandum is written in response to recommendations in the 2010-11 Grand Jury Final Report that pertain to the County Administrative Office.

In the section of the report title Lake County Administration, on pages 19 and 20 several findings and recommendations are presented. In finding F1, the Grand Jury states that very few non-financial goals are established and measured within each department or at the County level. Although there is definitely room for improvement, I don't believe it is accurate to state that "very few" non-financial goals are established and measured within each department. The following instruction is provided annually to each County department head when preparing their annual budget:

Service Delivery Goals

Establish service delivery or program goals to be accomplished during the fiscal year. The number of goals to be established for each budget unit will depend upon the size and complexity (i.e. amount of money, number of programs, etc.) of the respective budget unit. As a guideline, at least one goal should be established for each program or activity in the budget unit. Goals should describe a specific action, include a specific time frame for achievement, be measurable, and feasible.

Some County departments do an excellent job in preparing and submitting annual service and program goals in accordance with the above instructions. Since every service the County provides is tied to the annual budget, it does not seem inappropriate that departmental goals be established during our annual budget preparation process. In fact, this is specifically what the Grand Jury recommends in the "Recommendations" section of the report. Additionally, many of the County's overall goals are established through other processes such as the County General Plan, the Housing Element, the community Area Plans, the Redevelopment Agency Plan and numerous others. Most of these plans and their accompanying goals are updated on a periodic basis in accordance with various laws and regulations. Many of the grant funds the County receives also require departments to identify specific goals for the programs being funded with grants. Nevertheless, it is a fact that some departments do not put as much effort into

establishing annual goals as others and there is definitely room for improvement. In those cases in particular I am very supportive of the Grand Jury's recommendations and I believe it would benefit the County for certain departments to improve their level of effort in establishing measurable goals on an annual basis. The Administrative Office can provide a more aggressive level of oversight to ensure that this happens, if the Board so desires.

In regard to Finding F2, the Grand Jury indicates it is no longer financially prudent for the County to continue to pay both the employee's share and the employer's portion of the CalPERS contribution. It is noted that the County does not currently pay the full employee share of CalPERS for all employees but only for those who have negotiated this benefit through the collective bargaining process, which is the majority of employees. While the Grand Jury's finding may have some merit, many years ago when the County agreed to pay the employee's share of PERS, it was negotiated by the employee associations and through those negotiations the employees agreed to exchange or forego cost-of-living increases and other forms of compensation increases. Therefore, if the County discontinues paying the employee's PERS contribution I believe there would be an expectation that other forms of compensation be provided in exchange. It is possible that other forms of compensation could result in a higher net County cost and have less actual benefit to the employees (e.g., a 7% increase in base pay has a greater short-term and long-term County cost than a payment of 7% toward the employee's share of PERS, and payment of PERS also provides a greater benefit to the employee in terms of take home pay, than an equivalent increase in base pay).

In regard to Finding F3, relative to the Board of Supervisors encouraging citizens to buy local, I am in agreement with this finding.

This section of the Grand Jury Report includes five recommendations. These recommendations and my responses are as indicated below.

R 1. The Lake County Administration and the BOS work together to establish a working group to prepare policies and guidelines for the creation of measurable goals for each department, including the Code Enforcement Division.

Response: I would be happy to assist the Board of Supervisors in implementing this recommendation if the Board of Supervisors so desires.

R 2. The BOS direct that each department head submit at least five measurable non-financial goals meant to improve the operation of the respective department in the next budget cycle. Lake County Administration add this requirement to the current budget preparation process.

Response: As noted above, the Budget Manual issued by the County Administrative Office already instructs all departments to include goals in their annual budget requests, although we do not specify the goals be "non-financial." I support the Grand Jury's recommendation to add a requirement for departments to set a minimum of five measurable goals.

R 3. Each department head track the achievement of these non-financial goals and report annually to the BOS on progress.

Response: For Board appointed department heads, progress toward achieving established goals is already part of the department head's annual performance evaluation process. No similar process currently exists for department heads that are not appointed by the Board of Supervisors. I agree with the Grand Jury's recommendation and if the Board of Supervisors also agrees, the Administrative Office will work on developing a recommendation on how this can be implemented.

R 4. The Lake County Administrator and the BOS negotiate or renegotiate labor contracts for the County to no longer pay the employee's portion of the CALPERS contributions.

Response: Renegotiation of labor contracts is not within this office's authority. This would require a directive of the Board of Supervisors and would likely be considered during the annual negotiation process with the various employee associations.

R 5. The Lake County Administration and the BOS thoroughly follow through with the buy local process to ensure local businesses are facilitated and benefit from the implementation.

Response: I am in agreement with this recommendation and it is being implemented at the present time.

In the Government Services Committee's portion of the Final Report, another review of the Administrative Office includes various findings and recommendations on pages 29, as shown below. In addition one minor correction should be made to item 7 on page 28 of the report, which states that at the time of the report, no Certified Public Accountant was employed within the County, including in the office of the County Auditor. There is a Certified Public Accountant on County staff, who is employed by the District Attorney's Office. It is correct that the County Auditor's Office does not currently employ a Certified Public Accountant.

F 1. Elected department directors or agency heads are not required to meet extensive criteria based on related experience or job knowledge.

Response: The minimum requirements for elected department heads differ from the normal minimum requirements for non-elected department heads. State law governs the minimum requirements for elected positions.

F 2. Elected directors can only be removed from positions by recall of the voters or malfeasance.

Response: I am in agreement with this finding.

F 3. Grand Jury Complaint Forms are available through the County website, by mail or by phoning the Grand Jury Office. At the time of this report, complaint forms were absent from sight in most county buildings and in areas of public foot traffic.

Response: I believe this finding is correct although for the past several months, after this was initially brought to our attention by a committee, complaint forms have been placed in readily accessible view on or near the front counters of the BOS and Administrative Offices as well as posted on the public bulletin board in the main lobby of the Courthouse.

The Grand Jury's only recommendation in this section of the report is as indicated below, along with my response.

R 1. Provide Grand Jury Complaint Forms in readily accessible locations in plain sight on each floor of all County buildings.

Response: If the Grand Jury would like to make their complaint forms available in the locations indicated above, I am sure County departments would be happy to accommodate them.

In the Central Services section of the report, on Pages 35 and 36 the Grand Jury presents the following findings and recommendations:

F 1. The Committee found that each department performs the functions as if it were a separate and independent organization.

Response: The County has decentralized most of the purchasing functions but some functions mentioned in the report, such as automobile maintenance, are still largely centralized. Much of the County's telephone system maintenance is also centralized. Processing of mail is also centralized for departments in and around the courthouse as is the leasing of photocopy machines for all departments. Additionally, although most of the purchasing functions are decentralized, all departments are required to follow specific purchasing procedures.

F 2. Central Services is referenced in the budget, however funds are for Mail Room operation only.

Response: We currently use the title of Central Services in the County budget. The primary appropriations in the Central Services budget unit are for costs associated with operation of the County's centralized mail room, the contracts for photocopy machines that serve all departments and the purchase of paper for all printing devices that are used by County departments (i.e., photocopy machines, computer printers, fax machines, etc.).

F 3. There is no Central Services function or operation within the County.

Response: The Central Services division no longer includes some of the services that were provided several years ago, such as the purchase and distribution of general office supplies. However, as noted above, it does still include a limited number of centralized service responsibilities.

R 1. Remove County reference to Central Services as that function no longer exists.

Response: The appropriations in the Central Services budget include the operational costs of the mail room, the centralized photocopy machine contracts and paper supplies for the photocopy machines. I have not given a significant amount of thought to developing a better budget unit title than Central Services to describe the function of that division. However, I understand the Grand Jury's concerns and will give further thought to this and will consider recommending a name change in the next budget cycle.

In the Public Defender Program Oversight Committee report on page 41, several findings and recommendations are provided. The Public Defender Oversight Committee will be providing its own response to the Grand Jury Report. Although none of the specific findings or recommendations in this section of the report appear to be directed to the County Administrative Officer, since my office administers the Public Defender contract I will provide a general response to the Grand Jury's findings and recommendations.

I would like to make it very clear that I am satisfied with and very appreciative of the work performed by the Public Defender Oversight Committee. Additionally, I am very satisfied with the performance of the County's public defender contractor. This is a program of which the County can be very proud; it provides an effective level of service at much less cost than any other available alternative. The County is very fortunate to have a contractor as qualified and as dedicated as Lake Legal Defense. The principal of that firm, Mr. Stephen Carter, should be commended for his dedication to public service and his extraordinary efforts to ensure that all indigent defendants receive the legal representation to which they are entitled. I have had substantial experience working with other public defender contractors and other methods of providing public defender services during my years of employment with the County of Lake. I am very appreciative of the excellent level of service provided by the current contractor and the assistance the Oversight Committee provides to the operation of this important program. In reality, I believe our time, including the Grand Jury's time, would be better spent focusing on other County programs which could benefit from additional monitoring and review instead of a program that is operating so efficiently and effectively.

In the section of the report titled Purchasing, on pages 44-45, several findings and recommendations are presented.

The Grand Jury provided eleven findings relative to Purchasing. I have no response to the individual findings other than to accept them as accurately reflecting the Grand Jury's observations. There is one minor correction that should be made to a statement found on page 44 that indicates no Certified Public Accountant is employed by the County. The District Attorney's office employs a Certified Public Accountant.

The County decentralized many of the purchasing functions several years ago in order to reduce overhead costs and streamline procedures. At the time, we were aware that decentralization would result in some loss of control by the County Administrative Office but the benefits outweighed the disadvantages. A highly centralized system without sufficient funding and staffing would result in an enormous backlog and would be very detrimental to achieving the County's overall mission.

In regard to the recommendations, my responses are provided below:

R 1. Purchasing Agent train Purchasing Agent Assistants annually as called for in the Purchasing Ordinance.

Response: I agree with this recommendation.

R 2. The actual person who performs the purchasing function attends annual training.

Response: I agree with this recommendation.

R 3. Clarify the inconsistency of ordering and adjusting the Purchasing Ordinance to reflect the desired procedure.

Response: We are not certain about which inconsistency the Grand Jury is referencing in this recommendation. If this is in reference to the ordering of general office supplies, we don't believe an amendment to the Purchasing Ordinance is needed. Departments have options available to them relative to the purchase of office supplies and each department is given a degree of latitude in determining which option best meets their department's particular needs. For relatively small purchases such as miscellaneous office supplies, price is an important consideration but not always the only consideration, particularly with the emphasis we have been placing on use of local vendors.

R 4. Require annual examination, analysis and comparison between physical inventory and financial audit by the County Auditor-Controller.

Response: Each department is responsible for conducting a physical inventory of capital assets and periodic inventory of assets that do not meet the cost threshold to be classified as capital assets. I am uncertain if the Grand Jury is recommending that the Purchasing Agent conduct an annual physical inventory. Although the concept of doing so is good, in reality we do not have the resources available at this time to conduct a centralized physical inventory of all County assets. Consequently, I believe this will need to remain a departmental responsibility.

R 5. Require accountability for inventory and supplies including the disposal of obsolete, surplus or unused inventory and supplies.

Response: I agree with this recommendation. Current policies require such accountability but based on the Grand Jury's findings apparently not all departments are fully complying. We will make additional efforts to ensure that all departments are aware of the procedures and comply.

This concludes my response to the Grand Jury Report. I would like to express my appreciation to the members of the 2010-11 Grand Jury for the courtesy and consideration they extended to me and to the staff in our office. As always, we appreciate the Grand Jury's efforts, their recommendations and their assistance in improving the operations of County government.