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September 21, 2010

VENTURA COUNTY  
GRAND JURY

**J. Matthew Carroll**  
Assistant County Executive Officer

**Paul Dorse**  
Chief Financial Officer

**John K. Nicoll**  
Human Resources Director

County of Ventura  
Board of Supervisors  
800 South Victoria Avenue  
Ventura, CA 93009

**Subject: Approval of Responses to Seven 2009-2010 Ventura County Grand Jury Reports: "Getting Better of the Way to Excellence", "Illusion of Safety, Control Self-Assessment", "Indigent Representation by the Public Defender", "Utilization of the Ventura County Juvenile Justice Facilities", "Ventura County Library System", "Where Are You Sleeping Tonight?", and "Youth in Shadow".**

Recommendation:

That your Board approves the responses to the seven subject Grand Jury reports pertaining to County government under your authority for submittal to the Presiding Judge of the Superior Court in accordance with State statute.

Discussion:

Penal Code §933.05 requires that your Board comment on the findings and recommendations of the Grand Jury pertaining to county government under your authority. The 2009-2010 Ventura County Grand Jury issued 10 individual reports, seven of which pertain to County government.

Responses from the Board of Supervisors were required to all seven reports and were prepared on your behalf by the County Executive Office. Responses from appointed officials were required for three of the seven reports and one report required a response from a commission. County government reports are addressed in this letter. These responses have been coordinated through the County Executive Office and are submitted for your approval.

For your reference, the report titles and respondents listed in the Grand Jury Report are summarized in the table below.

<b>Getting Better on the Way to Excellence</b>	Board of Supervisors County Executive Officer (requested, not required)
<b>Illusion of Safety: Control Self-Assessment</b> Auditor-Controller's response is for information only, approval not required.	Auditor-Controller (Copy of response included for information) Board of Supervisors County Executive Office
<b>Indigent Representation by the Public Defender</b>	Board of Supervisors Public Defender (Response from PD would be accepted but is not required. Response provided)
<b>Utilization of the Ventura County Juvenile Justice Facilities</b> Sheriff's response is for information only, approval not required.	Board of Supervisors Sheriff's Department (Copy of response included for information)
<b>Ventura County Library System</b> The VCLC is an independent entity, response is for information only, approval is not required.	Board of Supervisors Ventura County Library Commission (Copy of response included for information)
<b>Where Are You Sleeping Tonight?</b>	Board of Supervisors
<b>Youth in Shadow</b>	Board of Supervisors

The responses that pertain to County government under your control will serve as your Board's response to the subject 2009-2010 Grand Jury Reports to be filed as indicated in the above recommended action along with any additional comments your Board may wish to make.

If your Board does elect to amend responses submitted from agencies headed by appointed officials or if your Board elects to change a responses prepared on your behalf by the County Executive's office, then CEO staff, at your direction, will make such changes or additions prior to submitting the responses to the Presiding Judge.

As you are aware, elected officials submit their Grand Jury responses directly to the Presiding Judge. Although your approval is not required for responses from elected officials, a copy of the Sheriff's response to the report "Utilization of the Ventura County Juvenile Justice Facilities" and from the Auditor-Controller to the report "Illusion of Safety: Control Self-Assessment" are included here for your information.

Should you have any questions or require additional information, please contact J. Matthew Carroll at 654-2864 or Kathleen Van Norman at 654-2566.



MARTY ROBINSON  
County Executive Officer

Attachments:

- Exhibit 1 – Response to "Getting Better on the Way to Excellence"
- Exhibit 2 – Response to "Illusion of Safety: Control Self-Assessment"
- Exhibit 3 – Response to "Indigent Representation by the Public Defender"
- Exhibit 4 – Response to "Utilization of the Ventura County Juvenile Justice Facilities"
- Exhibit 5 – Response to "Ventura County Library System"
- Exhibit 6 - Response to "Where Are You Sleeping Tonight?"
- Exhibit 7 - Response to "Youth in Shadow"

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**EXHIBIT 2**

**FY 2009-2010 GRAND JURY FINAL REPORT**

**RESPONSES TO RECOMMENDATIONS**

Report Number	Report Title	Respondents
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**REPORT NO. 02.**

Title: Illusion of Safety: Control Self-Assessment

Required Respondents: Board of Supervisors (R-06, R-08 and R-10)  
County Executive Office (R-01, R-02, R-4 thru R-06, R-09 & R-10)  
Auditor-Controller (R-01, R-03 thru R-07, R-10 & R-11)



## Response to Ventura County 2009-2010 Grand Jury Report, Illusion of Safety: Control Self-Assessment

from the County Executive Office  
and on behalf of the Board of Supervisors

### REPORT FINDINGS:

Response: Concur with all findings with exceptions noted below.

**F-06 The personnel turnover rate in the IAD ranges from 25% to 50% per year for the prior three years, as compared to the average turnover rate for the County as a whole of about 12%.**

Response: Do not concur

The average turnover rate for the prior three years in the Internal Auditor series is 58.3%. In 2007/08 there were 4 filled Internal Auditor positions and 3 separations which equal a 75% turnover rate. In 2008/09 there were 5 filled positions and 2 separations which equal a 40% turnover rate. And in 2009/10 there were 5 filled positions and 3 separations which equal a 60% turnover rate. There currently are 6 positions in the Internal Auditor classification series in the Auditor/Controller's office. There are four allocations at the Internal Auditor IV level and two at the Internal Auditor III level. The County's turnover rate for all departments in 2009 was 7.34%.

Year	Resigned - Voluntary	Probationary Dismissal
2007	2	0
2008	2	2
2009	2	0

2007 reasons for resignation included: 1- no comments, 1 resigned for better opportunity

2008 reasons for resignation included: 1- move to other company outside of Ventura County, 1 resigned to care for ill family member

2009 reasons for resignation included: 1 – no comments and 1 – leaving the area – thoroughly enjoyed working here, would return if possible.

**F-07 HR performs exit interviews of departing employees through the use of a form to be completed after the employee's last day of work and to be returned by mail.**

Response: Partially Concur

Prior to 2007, every agency/department was responsible for conducting face to face exit interviews. Not all agencies/departments were performing this function consistently. The 2006/07 Grand Jury Report recommended that the County conduct exit interviews with all employees that voluntarily separate from employment through a mail in program. Their belief was that exiting employees were reluctant to provide meaningful comments regarding their employment experience and therefore the County was failing to collect relevant information.

In December 2007, a new personnel policy was developed by the Director of Human Resources to address the Grand Jury's concerns. The new policy required the County's Agencies and Departments to provide all employees voluntarily separating from County service with a Separation Questionnaire that they could complete and return by mail to County Human Resources. In addition, the employees would be given a confidential envelope addressed to County Human Resources with a copy to their department if they so chose to do so.

Additionally, in July 2010, the agencies/departments were instructed by County Human Resources to provide both a face-to-face exit interview and provide the employee with the mail-in separation questionnaire. This action was taken to ensure that departments consistently follow the policy regarding exit interviews and therefore capture vital information regarding recruitment, retention, compensation, training opportunities etc.

**F-08 In reviewing mailed-in exit interviews of former internal auditors, HR has found nothing to indicate a possible problem with working conditions within the County or the A-C organization.**

Response: Partially Concur

Prior to 2007, every agency/department was responsible for conducting face-to-face exit interviews. Not all agencies/departments were performing this function consistently. Beginning December 2007, with the new policy regarding separation questionnaires, there have been six Internal Auditor separations, of which three were voluntary resignations. County Human Resources did not receive any mail-in

separation forms for those resignations. However, all three of the employees that voluntarily resigned turned in a separation form to their department representative rather than mailing in the form. They all indicated that they were satisfied with on the job training, advancement opportunity, salary, benefits and supervision. Their reasons for resignation included the following: Leaving the area, "thoroughly enjoyed my service and would return"; "Other opportunities with a company outside the County"; and to provide care to ill family member.

As vacancies occur within IAD, it is proposed that exit interviews be scheduled and conducted by CEO-HR to encourage and provide separating employees with an opportunity to share their experiences and impressions of the workplace.

**F-09 Classification Specifications (similar to job descriptions) and salary ranges for A-C internal auditors were adopted in 2001. The salary ranges have been modified only for general "cost of living" increases negotiated between the County and the Service Employees International Union.**

Response: Partially Concur

County Human Resources has conducted compensation surveys several times since 2001. They were completed in 2001, 2005, and 2007. The analysis conducted during each market survey concluded that the Internal Auditor classification series was less than 3 percent below market. The classification received general salary increases in the following increments:

Date	Percentage Increase
August 9, 2009	1.5%
November 1, 2008	.5%
July 13, 2008	2.5%
July 15, 2007	3%
July 5, 2004	3%
March 28, 2004	3%
September 29, 2002	3%

**F-10 In April 2010, the County of Santa Barbara advertised in the Ventura County Star for an Audit Supervisor with a rate range of \$84,701 – \$103,402, requiring a Certified Internal Auditor certificate, three years experience and one year lead work.**

Response: Partially Concur

Although the data provided in F-10 is correct, the Audit Supervisor classification is not comparable to existing Internal Audit classifications within the County of Ventura. The Audit Supervisor in the County of Santa Barbara has oversight and review responsibilities for ongoing audit fieldwork and reporting. The Audit Supervisor is also responsible to provide supervision, training, and quality control for, and oversees fieldwork of, Accountant-Auditors. The position requires possession of a Certified Public Accountant Certificate recognized by the American Institute of Certified Public Accountants, or possession of a Certified Internal Auditor Certificate and three years of professional experience in financial auditing, including at least one year of lead worker experience.

**F-11 HR compares salaries with seven Southern California counties (excluding Los Angeles County) for determining competitiveness for County salaries. HR has conducted no comparable survey of private sector internal auditor salary and experience ranges.**

Response: Partially Concur

For compensation surveys, the County typically compares itself to the Southern California counties. However, depending upon the classification, we may also utilize local cities and Northern California counties as well. The County does not typically utilize private sector survey information. There are published reports available for purchase but the components of the surveys typically do not include all compensation components that the County uses for comparison.

**F-12 In its report Controls Self-Assessment Restart, the 2007-2008 Ventura County Grand Jury recommended:**

**“R-02 The A-C and the Human Resources Director should jointly conduct a comprehensive study to resolve staffing, recruiting and retention issues in the Audit Department, and provide the results and recommendations to the CEO and the BOS.”**

**The CEO and the BOS combined response stated: “Do not concur: The Auditor-Controller’s Office has six budgeted internal auditor positions... The recruitment opened 7/28/08. As of 9/02/08 they have 84 applicants...It is our office’s opinion that the current salary and classification status of the internal auditor series is appropriate...If they [Auditor-Controller] are unsuccessful in filling their vacancies at the end of this recruitment, we will**



**work with the A-C to determine what other alternatives should be considered.” [Ref-05}**

Response: Do Not Concur

County Human Resources has conducted two recruitments in the prior two years. The 2008 recruitment for Internal Auditor I-IV received 165 applications. Of those applicants, 67 met the minimum qualifications for the Internal Auditor position. The Auditor/Controller's department received 67 applicants for interviews of which they hired 3 applicants. One candidate was hired as an Internal Auditor II at bottom step of the range. A second candidate was hired as an Internal Auditor I at 5% above the bottom step of the range. And the third candidate was hired as an Internal Auditor III at 5% above mid-range.

The 2009 recruitment for Internal Auditor I-IV received 126 applications. Of those applicants, 63 met the minimum qualifications for the Internal Auditor position. The Auditor/Controller's department received 27 applicants for interviews of which they hired 3 applicants:

- The first candidate was hired as an Internal Auditor II at the bottom step of the range.
- The second candidate was hired as an Internal Auditor II at the bottom step of the range.
- The third candidate was hired as an Internal Auditor I at the bottom step of the range.

In regard to recruitment and retention, County Human Resources is able to attract and recruit qualified applicants; the salary ranges do not seem to be the problem. The current model favors hiring entry-level staff with the intention of training and promotion. Unfortunately, entry-level staff in general tends to have a higher rate of turnover. This is not necessarily due to any flaws in the work environment, but rather due to the human tendency to accept a new job and subsequently determine that auditing work is actually not what they want as a career. Choosing to underfill higher level auditor allocations with lower level staff also compounds the challenge of retaining qualified staff. Systemically, the County is able to offer advanced salary placement to candidates with exceptional skill levels, or during times when a limited pool of suitable candidates is available. Recruitment currently provides a large pool of candidates. Under the current hiring model, CEO HR has an agreement with Auditor Controller to recruit at the I,II,III, and IV level, placing all candidates on the same list. Future recruitments will require direction from the Auditor Controller as to her preference for hiring at the entry-

level or at the journey-level. CEO HR will then focus its efforts either on entry-level recruitment at the I and or II levels or journey-level (III/IV) in order to target groups within separate lists. Currently, it appears that entry-level positions are usually selected as new hires and III and IV level positions are generally filled through promotional opportunities. In the event that a journey-level (III or IV) needs to be recruited from outside the County, a recruitment focused on obtaining highly skilled professionals can be conducted. In general, CEO HR has made the decision to provide multi-tiered examination processes. Future recruitments for the Auditor Controller will include examination processes tailored to appropriate levels. This methodology will include the use of more objective processes such as written and structured oral examinations in addition to, or in lieu of, scored supplemental questionnaires.

**F-13 Since the time of the CEO and BOS response to the 2007-2008 Grand Jury Report, the A-C and HR have not undertaken a study to resolve staffing, recruiting, and retention issues in the IAD.**

Response: Do Not Concur

In the County Executive Office/Human Resources Department revised 9/3/08 response to Recommendation 02, Grand Jury Report, "Control Self Assessment" the following was provided:

"The Human Resources Director in cooperation with the Auditor-Controller's Office conducted a joint study of the (compensation) issue. A total compensation salary study of governmental auditors consistent with those used in our Labor negotiations model was conducted. The study indicated that the County's internal auditor classification to be within approximately two percent of the market in terms (of) total salary and benefits. The study by the Human Resources Department of the internal auditor classification did not reveal the need for salary of classification adjustments because there do not appear to be any salary inequities or recruitment issues. Further, the most recent employment recruitment for the internal auditor series, Auditors I-III, ending March 2008, resulted in a total of 81 applicants, of which 64 were certified as eligible and referred to the A-C for interview. The A-C interviewed 50 candidates and hired four internal auditors. Three of the four successful candidates indicated a preferred salary on their employment application, ranging from \$55,000 to \$70,000, all within the established salary range. The A-C appointed two of the new hires at the entry level Internal Auditor

I with a base salary of approximately \$42,000, and two new hires at the journey level Internal Auditor III with a base salary of approximately \$58,000.”

Human Resources does not believe additional studies will impact the hiring and retention of Internal Auditors. There may be factors other than salary that are having an impact on hiring and retention.

**REPORT CONCLUSIONS**

Although responding to Conclusions was not requested by the Grand Jury, we believe it is important to address Conclusions C-02, C-04, C-05 and C-06.

**C-02 The IAD audit staff continues to lack overall audit experience and experience within the County. (F-02 through F-04)**

Response: Do Not Concur. See table below for experience levels.

PCN	Classification	Date of Hire*	Total Years Auditing Experience
00022742	Internal Auditor III	11/16/2005	4+
00022743	Internal Auditor II	08/10/2008	2
00025573	Internal Auditor II	01/04/2009	1+
00025574	Internal Auditor II	01/10/2010	3+
00000229	Internal Auditor II	11/15/2009	9+
00000228	Internal Auditor I	06/27/2010	<1

\* Into IAD

**C-04 HR is losing the direct and less-structured insight of a face-to-face interview by conducting exit interview by mail. HR has lost input from an indeterminate number of former employees, all of which could provide useful insight into high-turnover situations. (F-06 through F-08)**

Response: Partially Concur (see responses for F-06 through F-08)

**C-05 Recruitment and retention of audit staff is suffering because HR and A-C have not updated auditor salary schedules to be competitive with those of other Southern California counties (F-02 through F-09, F-11)**

Response: Do Not Concur (see response for F-06 through F-09 and F-11)

**C-06 HR has not conducted a comparison of the County auditor salary structure against that of private firms, which could be likely sources of significant competition (or of recruitment) for capable and experienced internal auditors. (F-11 through F-13)**

Response: Partially Concur (see responses F-11 through F-13)

### **REPORT RECOMMENDATIONS**

**R-01 The CEO should task the HR Department to research, develop, and, in consultation with the A-C, implement an effective, long-term auditor retention and compensation program. (C-01, C-02, C-05, C-06)**

Response: This recommendation will be partially implemented.

See response to F-13, also we will review the classification specification of the Internal Auditor position. Additionally, in the current economic climate, the County of Ventura is negotiating reductions to employee total compensation from each of the unions.

Human Resources believes that the current salary ranges for the Internal Auditor series (see below) are appropriate based on the public sector market and the County's compensation philosophy.

Classification	Bottom of the Range	Top of the Range
Internal Auditor I	\$41,340	\$52,916
Internal Auditor II	\$47,997	\$61,436
Internal Auditor III	\$52,797	\$67,580
Internal Auditor IV	\$59,508	\$76,171

A county agency/department has the ability to request an advance step salary placement for newly hired or promoted employees based upon specific criteria. The applicant must exceed the minimum qualifications for the position either through training, education or experience or the hiring manager must determine that no qualified applicant can be found that would accept the position at the bottom of the salary range. The agency/ department must document the higher

level qualifications of the candidate and submit the request for approval to the Director of Human Resources.

Human Resources feels that one of the issues related to hiring, salary or retention has to do with the Auditor/Controller's office consistently hiring candidates at the bottom of the range regardless of training, education, or experience. They rarely hire anyone at a rate higher than existing employees regardless of their qualifications and the same holds true for promoting employees. For example, of the five most recent hires for Internal Auditor positions, four were hired at bottom step and one was hired at 5% above bottom step. Two candidates were hired as Internal Auditor I's and three were hired as Internal Auditor II's. The last time The Auditor/Controller's office had an Internal Auditor IV filled at that level was in 2005. The incumbent promoted to a Financial Analyst in September 2005 within the Auditor/Controller's office. The Auditor does not recruit for the Internal Auditor IV level but reserves that level for department promotional opportunities only. This philosophy prevents the Auditor/Controller from building an experienced audit team. Below is the list of the current Internal Auditor positions including the level the position is allocated, the level the position is current filled, the level the position was hired into, the salary level upon hire and into which step the incumbent was hired:

Position #	Level Allocated	Level Filled	Level Hired	\$ Upon Hire	Step Hired
00228	IA III	IA I	IA I	\$41,430	Bottom Step I
00229	IA III	IA II	IA II	\$47,997	Bottom Step II
22742	IA IV	IA III	IA I	\$42,635	Bottom Step I
22743	IA IV	IA I	IA I	\$41,515	5% above Bottom Step I
25573	IA IV	IA II	IA I	\$42,765	5% above Bottom Step I
25574	IA IV	IA II	IA II	\$47,997	Bottom Step II

**R-02 The CEO should direct HR to conduct face-to-face exit interviews with terminating and retiring County employees, and should direct HR to then provide systematic feedback to agency and department management. (C-03)**

Response: This recommendation has been partially implemented.

The County of Ventura agencies/departments are currently conducting face-to-face interviews with terminating employees as well as providing each employee

with a mail-in form to return to County Human Resources. HR will continue to share all information received from mail-in Separation Questionnaires with the impacted Agency/Department. With regard to the Auditor-Controller IAD, as noted in the response to F-08, CEO-HR will conduct exit interviews with departing audit staff.

**R-04 The CEO should direct HR, with advice and consultation with A-C, to initiate a new study of salaries and compensation of Internal Auditors by California counties and municipalities, as well as by private sector employers (businesses and audit firms) in Southern California. (C-05, C-06)**

Response: This recommendation requires further study.

See response to F-11. We will take this recommendation under advisement. As mentioned previously, it is difficult to get total compensation information that is relevant to our jurisdiction and compensation components.

**R-05 HR and the A-C should review and revise the position descriptions and salary structure for Internal Auditors and the Supervising Fiscal Managers in order to improve recruitment and retention of trained auditors. (C-05, C-06)**

Response: We will take this recommendation under advisement.

**R-06. The BOS, the A-C, and the CEO should terminate the CSA Program as six year of experience have shown it to be ineffective.**

Response: Recommendation will not be implemented.

The overall intent of the CSA Program is not to develop a report to the BOS, but rather make department management aware of their responsibility over the system of internal controls. We believe that the CSA Program is accomplishing this objective. We do not agree with the Grand Jury's conclusion that the CEO's Office is indifferent on the CSA Program. We believe that there should be executive management involvement in the event of any deficiency disclosed by the department completing the CSA or the Auditor-Controller's review of the completed CSA. The CSA Program reinforces the County policy that the Department management is responsible to establish and maintain internal controls over their operations. Although there is room for improvement in the administrative aspects of the CSA Program, it does not diminish from the objectives of the program

**R-08. The BOS should authorize and fund additional senior auditor positions and an additional fiscal manager position for the A-C IAD.**

Response: This recommendation will not be implemented.

Funds for additional auditor positions are not available however; the Board would welcome a proposal from the Auditor-Controller for a reorganization and redistribution of internal staffing within the Auditor-Controller's office in order to meet this need should it be perceived as a top priority.

**R-09. Instead of starting a new CSA cycle, the CEO should positively incorporate control assessment objectives for all organizations under the Lean Six Sigma Program.**

Response: Recommendation will not be implemented.

Simply incorporating a control self assessment objective under the Lean Six Sigma Program is not practical for several reasons. Although there are interrelationships between the CSA and Lean Six Sigma, one cannot substitute for the other. The CSA is a self evaluation tool for management to assess their department internal controls as they relate to safeguarding County assets, compliance with laws and regulations, and reliability of financial data. Lean Six Sigma is a tool for management to assess certain processes to determine whether there are more efficient and effective ways to perform such processes. Not all department programs are candidates for evaluation under a Lean Six Sigma program. The intent is to identify program areas that can become more efficient. Conversely, the CSA is designed to evaluate internal controls over all programs.

**R-10. The BOS and A-C should add a control mechanisms evaluation task to the scope of the outside fiscal audits and should provide funding therefore.**

Response: Recommendation will not be implemented.

The external auditor follows generally accepted auditing standards and evaluates internal controls as an integral part of their independent audit. Therefore adding such a review of internal controls to their contract would be redundant. Rather than spend additional funds to expand the external audit, we believe the CSA provides a mechanism for departments to evaluate internal controls and enhance the external auditor's evaluation of those controls and supplement the auditor's assessment of risk.