



EL DORADO COUNTY  
GRAND JURY 2022-2023

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**\$28K Sick Leave Oversight**  
Case #22-23 GJ01

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June 30, 2023

## **GLOSSARY**

EDC El Dorado County

Grand Jury Civil Grand Jury

SBR Salary & Benefits Resolution

CFO Chief Fiscal Officer

CFWD Computation of Final Wages Due

HR Department of Human Resource

PA Personnel Action Form

CAO Chief Administration Office

KRONOS Kinketsu Rapid Operated New Original System

BOS Board of Supervisors

# EL DORADO COUNTY 2022-2023 CIVIL GRAND JURY

## \$28,149 Erroneous Overpayment

Case # 2223CA1

### SUMMARY

The Grand Jury conducted an investigation and found that a former El Dorado County (EDC) employee was paid sick leave compensation in the amount of \$28,149 in violation of the *Salaries and Benefits Resolution for Unrepresented Employees (SBR)*. The *SBR* is a legal document which determines the wages and benefits of certain county employees. "Upon this Department Head's resignation, a Computation of Final Wages Due form was prepared by an Administrative Technician and reviewed by a Fiscal Manager and an Agency Chief Fiscal Officer (CFO). The payment of used (sic) sick leave hours was then approved by the former Department of Human Resources." (Source: El Dorado County Auditor's Office, press release dated March 23, 2022). The *Computation of Final Wages Due Management Employees (CFWD)* form contained an error totaling \$28,149 resulting in an unmerited sick leave payment. The employee was paid which later resulted in the County having to seek collection of the overpayment from the former employee.

### BACKGROUND

The Grand Jury became formally aware of the subject via a complaint sent to the EDC Grand Jury. The Complainant read about the questionable overpayment in a local newspaper. The complaint alleged that the \$28,149 overpayment was due to an error by an EDC public official.

The Grand Jury researched the information in the complaint and confirmed that the former Director of the Department of Human Resources (HR) resigned to pursue employment with another jurisdiction in April of 2021. The jury also confirmed that the HR Director received a final paycheck which included the sick leave payout of \$28,149 as a separate line item.

The Complainant indicated the former department head had not been employed for five (5) years, which was the tenure required to receive accrued sick leave payout. The Grand Jury obtained and reviewed documents from HR which confirmed the allegation that the unused sick leave payment was not merited.



## **METHODOLOGY**

- Interviews were conducted with the Complainant, six county officials and staff involved in the processing and approving of final payouts for exiting employees.
- Reviewed documents include:
  - Emails between county officials and former employee;
  - *El Dorado County Salary and Benefits Resolution for Unrepresented Employees*;
  - Completed Personnel Action (PA) Form;
  - *Memorandum of Agreement with EDC Managers' Association*;
  - Computation of Final Wages Due Management Employees (Chief Administrative Office version);
  - Final paystub issued to HR Director;
  - Time Card Audit Trail Kintetsu Rapid Operated New Original System (KRONOS);
  - Promissory Note and Repayment document;
  - Jaramishian, E. 2022, March 29. "County seeks \$28k in overpay to former HR director."  
(<https://www.mtdemocrat.com/news/countys-former-hr-director-overpaid-28k/>)

## **DISCUSSION**

The Grand Jury reviewed available documentation and information from the Chief Administrative Office (CAO) which were used to prepare the final benefit payouts to department heads and non-executive positions. The former HR Director was considered to be an appointed department head whose position was approved by the Board of Supervisors (BOS). The final paycheck issued to the HR director included a miscalculation of sick leave compensation which totaled \$28,149.

The Grand Jury held several interviews and discovered the departing employee approved their timecard in KRONOS which included the sick leave hours on March 14, 2021. The *CFWD* and KRONOS documents, which contained the sick leave compensation error, were processed through three separate departments, HR, the CAO and Auditor Controller. Each department approved distinct and unrelated documents that led to the erroneous payout of the sick leave.

The CAO is responsible for completing the *CFWD* form. This form includes fields to designate the appropriate bargaining unit code and the number of years that the former

Director worked for El Dorado County. The SBR states that unrepresented management employees must complete five years of service to be eligible for sick leave payout. Based on the bargaining unit, coupled with the years of service (3.69), the former Director was not entitled to any sick leave payout.

The *CFWD* document was prepared by the CAO's office and approved by two managers. One of the managers modified the employee's sick leave hours in the KRONOS system on March 10, 2021. As a result of the modification, the sick leave dollar amount was added to the *CFWD* total calculation.

This *CFWD* form which included the incorrect sick leave calculation was then sent to the Auditor Controller's Payroll Division for final review and check issuance. Since Payroll also uses KRONOS to verify and compute the payout, the final check was issued based on the employee data which had been altered by the CAO staff. Essentially, once the sick leave hours were added in KRONOS, there were no other safeguards in place to block the overpayment. Three separate employees from two different departments approved the final payout document. No employees identified the error.

A year later, a different EDC Director made an unrelated inquiry to the HR Department to determine the amount of sick leave another employee would be entitled to at retirement. As a result of this request, HR pulled data for recent director payouts. HR research included a review of employee contracts for unrepresented management. HR noticed the large line-item amount of \$28,149 for sick leave paid to the recently departed Director. This observation prompted review of the *SBR* to verify that the former Director was entitled to the benefit. It was during this review process that discovery of an overpayment of sick leave compensation had been paid to the former HR Director. This information was reported to the current HR Director, the Chief Administrative Officer and the Auditor-Controller. Repayment attempts were initiated, and a *Promissory Note and Repayment Agreement* was executed. At the time of this report's publication, recovery payments are being received and are expected to be completed in January, 2024.

During the interviews, it was determined that different departments prepare unique computations for final payouts, which are sent directly to the Payroll Department. Payroll created the template for the *CFWD* form and advised the Grand Jury that some departments choose to download and customize the form to meet their individual needs. This deviation caused a deterioration in the review process. Without a standardized review process in place, the possibility of future payout errors is concerning. The payout error in this report was discovered, by chance, a year after it occurred. The lack of consistency and quality control raises the possibility this may be a systemic problem throughout the County.

At the time of the interviews, no departments had established any written procedures to prevent this error. Numerous witnesses indicated that the overpayment error resulted from a lack of checks and balances, as well as an overreliance on the accuracy of other employees. Witnesses also stated that departures of department heads are rare. They considered this oversight to be an anomaly. Witnesses reported that no employee has been formally reprimanded for this error.

## **FINDINGS**

- F1. The *SBR* required that a Director be employed for 5 years or more in order to receive payment for unused sick leave.
- F2. A lack of detailed policies and procedures between HR and CAO ultimately led to a significant overpayment to the former Director of HR.
- F3. The payout error in this report was discovered by an unrelated inquiry, a year after it occurred.
- F4. The *CFWD* was completed in error. It was reviewed and approved by three separate managers in two departments before it was forwarded to the Payroll Division for final review and payment.
- F5. The departing HR Director approved their timecard in KRONOS which included the sick leave hours. The current review and approval process failed to find and correct the data entry error in KRONOS.
- F6. The Auditor Controller's Office does not have standardized written procedures to complete the *CFWD* form for departing unrepresented employees. Lack of standardized written procedures in the use of the *CFWD* form resulted in calculation errors among different departments.
- F7. There is no established chain of overall accountability when submitting and approving final payouts.
- F8. CAO Managers and the Auditor Controller's Office relied solely on the accuracy of employees who independently generated the *CFWD* form based on erroneous information in the KRONOS database.

## **RECOMMENDATIONS**

- R1. Policies and procedures should be established that are specific to payouts for unrepresented management staff by the HR Department by December, 31, 2023.
- R2. Prior to computation of final wages due, HR should take the initial step to confirm the terms of each employee's specific agreement as it relates to unused sick leave and vacation pay due. Once eligibility is determined by HR, the information should then be forwarded to the affected departments as well as the Payroll Division. This should be implemented by December 31, 2023.
- R3. The HR Department should perform annual audits of past payout exit documents for benefits entitled to unrepresented employees beginning in 2023.
- R4. The Auditor Controller should establish policies and procedures which outline the chain of custody for the accuracy of the KRONOS database prior to *CFWD* form sign-off. These standardized procedures should be used by all County Departments. This should be implemented by December 31, 2023.
- R5. CAO should establish policies and procedures to prohibit any employee from approving their own final payout. In the case of a resigning department head, the approval should be made by the CAO or BOS. This should be implemented by December 31, 2023.
- R6. The Auditor Controller should modify the *CFWD* form to include safeguards and/or a field designating the eligibility of an employee for specific benefits. There should be a roadblock prohibiting the continuation with the payout computation, unless the employee is, in fact, eligible for a specific payout. For example, if the bargaining unit field indicates "UD" and the years of service field is less than 5 years, the ability to continue the payout for sick leave will be blocked. This should be implemented by December 31, 2023.
- R7. The Auditor Controller should establish Policies and Procedures to ensure that when a County employee is erroneously overpaid, a standardized repayment process is initiated immediately. This should be implemented by December 31, 2023.

## **REQUESTS FOR RESPONSE**

The following responses are required in accordance with California Penal Code Section 933 and Section 933.05.

From the following elected County officials within 60 days

Auditor Controller, Joe Harn,  
Findings: F1, F4, F5, F6, F7, F8.  
Recommendations: R4, R6, R7

From the following government official within 90 days

Board of Supervisors  
Findings: F1, F2, F3, F4, F5, F7, F8  
Recommendations: R1, R2, R3, R5,