

**El Dorado County Board of Supervisors**  
**Response to the**  
**2022-2023 El Dorado County Grand Jury Reports**

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

Case 22-23 GJ02: Procurement and Contracts

Case 22-23 GJ03: Building Projects – Can You Help Me, ...PLEASE?

Case 22-23 GJ04: How Will Grizzly Flats Water District Survive?

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

The Grand Jury has requested responses from the Board of Supervisors to Findings 1-5 and 7-8, and to Recommendations 1-3 and 5. The Auditor-Controller was also asked to prepare a response to this report.

Consistent with previous practice and pursuant to Board Policy A-11, the Chief Administrative Office is responsible for coordinating the County's response to the Grand Jury. Responses to the Grand Jury Report are directed by Board Policy A-11 and Penal Code 933.05. Accordingly, the Chief Administrative Office has reviewed and compiled the responses from all non-elected department heads into this Initial Draft Response for the Board's consideration.

### **FINDINGS**

- F1. The SBR required that a Director be employed for 5 years or more in order to receive payment for unused sick leave.

*The Board of Supervisors disagrees partially with this finding.*

*The above statement is partially accurate. The Salary and Benefits Resolution (SBR) further states an Appointed Department Head is also eligible to receive payment for unused sick leave if they retire prior to the completion of 5 years of service.*

- F2. A lack of detailed policies and procedures between HR and CAO ultimately led to a significant overpayment to the former Director of HR.

*The Board of Supervisors disagrees wholly with this finding.*

*The CAO Fiscal Division performs fiscal accounting functions, including payroll oversight, for the County's central service departments, such as County Counsel, Information Technologies, and Human Resources, and works directly with the Auditor-Controller's Payroll Division on payroll-related matters. Regarding the incident in question, the former Human Resources Director provided notice of resignation to the Board of Supervisors and the CAO Fiscal Division. The CAO Fiscal Division then initiated the payroll-related function of reviewing data that would ultimately be considered in any final payment to the exiting HR Director, as they would normally be for any exiting central service employee. The CAO Fiscal Division worked directly with the Auditor-Controller's Payroll Division to coordinate the final payment. The process did not include the HR Department, as it is not within the HR Department's normal scope of work to perform this fiscal function. Therefore, it is unlikely any lack of process between the HR Department*

*and the CAO Fiscal Division could have led to an overpayment. The Salary and Benefits Resolution (SBR) is the guiding policy that provides County employees and the public with extremely detailed information regarding the administration of payment for unused sick leave for all unrepresented positions, including Appointed Department Heads. The HR Department does not determine who is eligible or ineligible for sick leave payouts since that is already delineated in the SBR and completed by non-HR staff using a Payroll form Computation of Final Wages Due (CFWD). The Grand Jury's report accurately stated that the CAO Fiscal Division is responsible for completing Payroll's CFWD. That is a function between the CAO Fiscal Division and the Auditor-Controller's Payroll Division. The payout procedure for all unrepresented employees is guided by the policy set by the SBR and is implemented via the process the Auditor-Controller's Payroll Division has provided in the CFWD. Both the SBR and the CFWD were in place when the incident in question occurred.*

- F3. The payout error in this report was discovered by an unrelated inquiry, a year after it occurred.

*The Board of Supervisors agrees with this finding.*

*The HR Department discovered the error and reported it to the CAO Fiscal Division and Auditor-Controller.*

- 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.

*The Board of Supervisors disagrees partially with this finding.*

*The Board of Supervisors agrees that the Computation of Final Wages Due (CFWD) was completed with an error in the amount of sick leave paid out. The CFWD form itself only requires signatures from the person preparing the form and the Department Head or designee. The employee that prepared the form signed the form and, in this case, since the form was for a Department Head, it was signed by a manager in the CAO Fiscal Division in the Department Head of designee section. It was reviewed by one other CAO Fiscal Division staff prior to the signature in the Department Head or designee section but the form was not reviewed and approved by three separate managers in two departments.*

- 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.

*The Board of Supervisors disagrees partially with this finding.*

*It is accurate that the review and auditing process of the Computation of Final Wages Due (CFWD) failed to find and correct the payout error in this instance. It is also accurate that the departing HR Director entered and approved their time worked in the Kinketsu Rapid Operated New Original System (KRONOS). However, the departing HR Director did not request or approve payment for, nor did they enter, their unused sick leave hours when approving their time entry prior to receiving any payout. KRONOS allows an employee to enter their time worked, not their leave payouts. County employees, including Appointed Department Heads, do not have the ability to initiate or request payment of unused leave accruals as part of the time entry process. Employees who leave County service, including the former HR Director, do not have the ability to independently request a payout of any leave accruals. Hours are entered for payments for unused leave accruals by CAO Fiscal Division staff for central service departments during the bi-weekly payroll process based on hours entered on the CFWD. It does not appear that any inaccurate data entry was provided by the former HR Director. Rather, the review and auditing process utilized in this instance failed to find and correct the data entry error on the CFWD.*

- F7. There is no established chain of overall accountability when submitting and approving final payouts.

*The Board of Supervisors disagrees wholly with this finding.*

*Although the HR Department is not involved in the final payout process, there are currently safeguards and accountability in place. First, the Salary and Benefits Resolution (SBR), adopted by the Board of Supervisors, addresses specifically which unrepresented employees are eligible for various payouts. It is also understood that the Computation of Final Wages Due (CFWD) document is approved at various levels by staff and ultimately sent to the Auditor-Controller's Payroll Division for final processing. That approval process is the opportunity to review and audit the CFWD for accuracy. In this case, it appears as though the overpayment was made in error on the CFWD, and not by any intent of the departing HR Director, CAO's Fiscal Division or the Auditor-Controller's Payroll Division.*

- 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.

*The Board of Supervisors disagrees partially with this finding.*

*The Board of Supervisors does not believe that the information in KRONOS was inaccurate, as it likely reflected the accurate ending accrual balances. The error seems to have occurred in the misapplication of the payout terms described in the SBR. That error resulted in designating the remaining sick leave balance as being eligible for payout when it was not. The misapplication of policy and resulting inclusion of the ineligible sick leave hours on the CFWD led to the overpayment, not erroneous information in KRONOS.*

## **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.

*The recommendation has been implemented.*

*There are already policies and procedures in place that are specific regarding payouts for unrepresented management staff. The Salary and Benefits Resolution (SBR) for unrepresented employees, adopted by the Board of Supervisors on January 3, 2023, and the County of El Dorado Personnel Rules, adopted by the Board of Supervisors on November 15, 2022, specify which employees are eligible for the various leave accrual payouts when exiting county service.*

*Specifically, Section 9 of the SBR describes the eligibility requirements to receive sick leave upon separation, while Section 8 describes “annual vacation rates, maximum accumulation, payoff and usage by covered employees.” In addition, the Personnel Rules address the payout of vacation accruals upon separation.*

*Notwithstanding the above formal guidance documentation, each department also has an HR Liaison. These Liaisons are tasked with determining eligibility as it relates to unused sick leave as described by the applicable section of Personnel Rules or various Labor Agreements, which includes the SBR for unrepresented employees. Furthermore, HR Liaisons are aware that they can contact HR if any questions arise when processing a final payout in their particular department.*

- 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.

*The recommendation will not be implemented because it is not warranted.*

*The HR Department respectfully offers that adding its confirmation of each exiting employee's terms of separation is unwarranted. Currently, the information regarding the terms of separation, including the determination of payment eligibility for unused leaves, is available and accessible for every County employee through the County's intranet, EDCNET, as well as the County's public-facing webpage. An employee's bargaining unit determines which labor agreement, resolution, and/or Personnel Rules define their terms of employment, including specifically the terms of eligibility related to payment for unused sick leave and/or vacation. The HR Department posts these guiding documents which are approved by the Board of Supervisors for all bargaining units publicly and are easily accessible to all County staff. The HR Department does not have the authority to create terms different or contrary to those already outlined in these policies. Because the terms of eligibility are so readily available and accessible to all staff, including those involved with executing leave payouts, and because the expertise to understand and execute those actions already exists in departments, including the CAO Fiscal Division and Auditor-Controller's Payroll Division, there would be no added value to the process if the above recommendation were to be implemented. The error in this case was not a result of unclear or misunderstood eligibility criteria. County departments, the CAO Fiscal Division, and the Auditor-Controller's Payroll Division have a clear understanding of the eligibility requirements and payout process as evidenced by a track record of performing these payout transactions countless times with phenomenal accuracy and consistency for years. Per the Grand Jury's report, it appears there was some variance or oversight in the normal accounting process that led to the payout error in this case, not a question of eligibility.*

- R3. The HR Department should perform annual audits of past payout exit documents for benefits entitled to unrepresented employees beginning in 2023.

*The recommendation will not be implemented because it is not reasonable.*

*The Human Resources (HR) Department does not currently have any fiscal, accounting, or auditing staff allocated to it. Those fiscal functions have historically been performed by either the CAO Fiscal Division or the Auditor-Controller for central service departments, such as County Counsel, Human Resources, and Information Technologies. Therefore, it is unreasonable to assign this fiscal auditing responsibility to the HR Department. That is not to say that the Board of Supervisors disagrees with the recommendation that such annual audits occur. The HR Department suggests that if audits to ensure the integrity of such fiscal transactions are to occur, they would be best performed by a department staffed with trained experts in fiscal auditing. Notwithstanding the above, the HR Department is always available if questions arise when processing payouts for separating employees.*

- 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.

*The recommendation will not be implemented because it is not warranted.*

*The Board of Supervisors does not believe this recommendation is warranted since staff, regardless of level, do not have the ability to approve their own final payout. In the case of a resigning department head, any final payout is computed by the CAO Fiscal Division and then forwarded to the Auditor-Controller's Payroll Division for processing.*