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ORANGE COUNTY

DATE: October 6, 2022

TO: Lilly Simmering, Deputy County Executive Officer

CC: Lala Oca Ragen, Director, Performance Management and Policy
Todd Graham, Chief Deputy Probation Officer, Operations Support Bureau
Dana Schultz, Adminstrative and Fiscal Division Director

FROM: Daniel Hernandez, Chief Probation Officer

SUBJECT: Performance Audit of the Probation Department's Administrative Functions

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Attached you will find the Probation Department's responses to the observations and recommendations resulting from the performance audit conducted by MGT Consulting and documented by them on their report.

We thank MGT Consulting for also including acknowledgment in their report of various system improvements already implemented by the Administrative and Fiscal Division in the past few years to improve efficiency.

Please contact Daniel Hernandez, Chief Probation Officer, at (714) 645-7001 if you have any questions.

**Performance Audit of the Probation Department's Administrative Services
Responses to Audit Comments and Recommendations**

Audit Comment 1:

The Department's accounts payable function is not currently tracking the date in which they forward the invoices to the Auditor-Controller. As such, we were not able to determine how long it took the accounts payable staff to complete their review and forward the invoices to the Auditor-Controller for approval and payment. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Accounting & Finance Unit.

Audit Recommendation 1:

The lack of key performance indicators increases the risk that the Accounting Unit fails to identify a decrease in performance. We recommend the Accounting Unit implements key performance metrics, including the average time it takes to review and forward invoices to the Auditor Controller to gain an understanding of how long it is taking the team to process invoices and assess what percentage of the invoices are being processed within the desired timeframe. We also recommend the Accounting & Finance Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communication.

Department Response 1: Probation concurs

At the time of the audit, Probation had already begun the process of reviewing available tools for the purpose of tracking invoice receipt and processing milestones. The department looked at various tracking tools like OC Expediter (Expediter), EXCEL and the Probation specific application, Integrated Probation Financial System (IPFS). Upon detailed analysis, it was decided that the best tool available to the Probation department was Expediter. As of 5/1/2022, this was fully implemented, all invoices received by the Probation Accounts Payable unit are input into Expediter within 2-3 days of receipt. This allows for visibility of status of the invoice and other details such as: date payment was issued, date payment cleared, etc. Within Expediter, various invoice related reports are available that allow the department to identify current workload, backlogged invoices, invoices sent to AC but not yet paid, and other various metrics that can assist with identifying performance impacts.

In response to the communications recommendation, a change was made in 2021 to prior Department direction that instructed messaging to be relayed by Executive Management to the Department, not from the Administrative and Fiscal Division (AFD). Since that change, AFD has been messaging and communicating directly to the Department. The Division has also increased communications in various areas, including additions of kick-off meetings for new and regular recurring projects, quarterly meetings for contracted services and the AFD Director is now an

attendee at the weekly operations meetings where AFD updates are regularly communicated and operations questions and concerns can be addressed. Also in progress, initiated prior to the Performance Audit, are various AFD related trainings (e.g., AFD Overview, ASRs 101, Budget 101 and Contracts/Purchasing 101, etc.). The AFD Supervisor's Core Academy class was revised two years ago to focus more on AFD overall operations and the supervisor's role; this class content was further refined last year and aligns with the goal of education and awareness of county policies, procedures and roles of the supervisor as it pertains to all AFD operations. A version of this class geared toward Executive Management, Managers and other interested parties is in development. Lastly, the AFD Director is in the process of developing an AFD Updates Bulletin for Department Dissemination that provides workload statistics, important updates, spotlights and other relevant topics.

Audit Comment 2:

The oldest case in the case setup worklist for cases with financial implications was sent to the Accounting Unit for case setup on August 5, 2021. As of September 29, 2021, the oldest case in the worklist has been in pending status for approximately 55 days. The oldest case with restitution was sent for case setup on September 7, 2021. As of September 29, 2021, the oldest case with restitution in the worklist has been in pending status for approximately 21 days. The case setup function is currently experiencing a seven (7) week backlog.

Audit Recommendation 2:

We recommend the Accounting Unit takes steps (e.g., adding additional resources to the case setup process) to reduce the amount of time cases are remaining in pending status and the overall number of cases in pending status in the case setup process.

Department Response 2: Probation does not concur.

As a result of legislative impacts over the past 4 years, the operating environment for the collection of Court Fines and Fees has significantly changed. The County is currently undergoing a process to renegotiate the MOU with the Courts regarding these collections and transition all collection responsibilities from the County to the Court. Current conversations with the Court have been that Probation will continue to perform statutorily required Restitution Investigations functions, but collections for restitution would be conducted by a 3rd party provider, as is the current Court practice for restitution cases not handled by Probation (non-formally supervised cases). Collections on all other court ordered fines and fees would shift back to Court responsibility for collection. These negotiations are still in process, so the proposed shift and additional details are pending development and implementation of a successor MOU. During this period of uncertainty and to avoid layoffs and other negative impacts to employees, the department has been managing anticipated reductions through attrition and increased workload monitoring. We actively monitor the backlog of cases and continually rotate staff and offer overtime to address backlogs. At the present time,

department operations are at a critical low and the Department is in the process of developing the plan to transfer duties to the court upon approval of the MOU and ensure appropriate staffing levels are in place for general accounting needs.

Audit Comment 3:

The goal is to submit all budget related reports and requests on-time and keep the budget vs actual variance to a minimum. However, there is currently no process for overall tracking of the timeliness of the documents and budget reports submitted to the County during the budget process.

Audit Recommendation 3:

The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Budget Unit implements key performance metrics, including percentage of budget reviews on time, percentage of reports and requests submitted on time, and year-over-year forecasting accuracy.

Department Response 3: Probation partially concurs.

The Budget Unit completes all required checklists and certifications required by the County. Probation utilizes all County provided calendars, inclusive of timelines, as well as a detailed internal process calendar to stay on track with all required submissions. The department has added a "Completed" column to the internal tracking log already in use that identifies the date each task is completed in addition to adding an additional tab to track non-budget related reports that are compiled by the budget unit to have a comprehensive list of all assignments and tracking of completion dates. Probation will continue to evaluate all established timelines and workloads to continue timely submissions.

The Budget Unit also actively monitors and evaluates budget performance. Projections are conducted monthly and reviewed by the budget manager. Analysis includes tracking and variance analysis by each object code, object category, budget unit, bureau, and for the overall department. Variances are reviewed and explanations are required for variances to prior month projections, budget, prior year actuals, etc. Additionally, Probation meets regularly with operations and CEO Budget to discuss forecasts and address any needs/concerns. Probation is constantly evaluating the results, always seeking to utilize all available resources to further the Department's mission, while remaining in compliance with all County, State, and Federal regulations.

Audit Comment 4:

There are currently no key performance indicators utilized to track the performance of the purchase requisitions request review process within the Budget Unit. Additionally, the non-

admin directors voiced concerns about a lack of communication between their departments and the Budget Unit.

Audit Recommendation 4:

The lack of key performance indicators increases the risk that the Budget Unit fails to identify a decrease in performance and customer satisfaction with the purchasing requisitions review/approval process. We recommend the Budget Unit implements key performance metrics, including tracking the average time it takes to review, analyze, and approve/reject purchase requisitions requests. We also recommend the Budget Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.

Department Response 4: Probation partially concurs.

Reports are currently available within the County's Expeditor system to document when budget approval was completed versus when the request was submitted, therefore performance indicators currently do exist. However, the system does not currently have reporting capability to track all stages in the process in one report. Probation submitted a request to the OC Expediter Governance Committee to add additional reporting capability within Expeditor to reflect approval dates throughout the process to better evaluate timeliness; suggestion is to add the "Final Approval" date to the "Procurement Workload Report" which will provide a report that can be reviewed to see total process time for each area of responsibility (i.e., Operations, Budget and Contracts/Purchasing). If approved, the department will be able to utilize this report to monitor and review performance metrics for the entire requisition process.

In addition to the above, the Department initiated in January 2022 four important steps to increase the performance of the purchasing process and improve customer satisfaction.

1. The Department's executive team removed an additional layer of approval that was required to initiate/approve purchase requests. Prior to January of 2022, there was a requirement that certain purchases needed approval from the entire executive team before budget the unit could approve the request. This added level of oversight caused undue delays and has since been lifted resulting in a much smoother and quicker process.

2. The Admin & Fiscal Division (AFD) Director has become a regular attendee during weekly operations meetings. During these meetings, routine Admin & Fiscal Division updates are provided, including the status/questions concerning purchases. These updates have been helpful for operations to plan for current and future service/supplies needs.

3. Prior to the Performance Audit, various AFD related trainings (e.g., AFD Overview, ASRs 101, Budget 101 and Contracts/Purchasing 101, etc.) were in process of development.

The AFD Supervisor's Core Academy class was revised two years ago to focus more on AFD overall operations and the supervisor's role; this class content was further refined last year and aligns with the goal of education and awareness of county policies, procedures and roles of the supervisor as it pertains to all AFD operations. A version of this class geared toward Executive Management, Managers and other interested parties is in development.

4. The AFD Director is in the process of developing an AFD Updates Bulletin for Department Dissemination that provides workload statistics, important updates, spotlights and other relevant topics. While the above efforts have taken some time, the Department has already seen an improvement in communications especially concerning the purchase request process.

In response to increased communications, a change was made in 2021 to prior Department direction that instructed messaging to be relayed by Executive Management to the Department, not from the Administrative and Fiscal Division (AFD). Since that change, AFD has been messaging and communicating directly to the Department. The Division has also increased communications in various areas, including additions of kick-off meetings for new and regular recurring projects, quarterly meetings for contracted services and, as previously mentioned, attendance at the weekly operations meetings where AFD updates are communicated and operations questions and concerns can be addressed.

Audit Comment 5:

The goal of the Clerical Support staff is to submit all reports in a timely manner to meet established court deadlines; however, the unit does not currently track any key performance metrics to measure timeliness of submitted reports, performance, and customer satisfaction.

Audit Recommendation 5:

The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend the Clerical Support Unit implements key performance metrics, including percentage of reports completed on time and average time to create a new case, update an existing case, and respond to requests for information.

Department Response 5: Probation partially concurs.

The majority of the clerical support staff keep statistics for their work processed. The statistics/metrics are not all based on the time it takes to complete each task as processing time is not always the best metric for all workloads. For example, one unit tracks based on timeliness of submission via a report called the "Late List Report", which tracks whether or not reports for that Division were submitted to court on time, if late, it reports when the report was delivered to court versus when it should have been delivered to court. Additionally, not all clerical

functions have appropriate or reasonable metrics tracking to me implemented. For example, functions such as buzzing people in at the gates to enter our Juvenile Facilities, answering phone calls, ordering, supplies, etc. are all daily functions that are immediate and to add additional tracking to record every phone answered, order placed, etc. would be burdensome based on any information that would be gleaned from these metrics. All other workload (e.g., reports, case set-up, etc.) are currently tracked and monitored. However, the Department will continue to evaluate its clerical support unit to identify any areas where performance metrics are not currently in place, including new functions that are assigned due to legislative and other operational impacts, and can be implemented to evaluate performance and identify increases/decreases in performance.

Audit Comment 6:

A listing of all Facilities Support (e.g., maintenance, repairs, etc.) related work orders submitted through from the period of January 1, 2020, through July 31, 2021, disclosed the following:

- The timeframe it took to complete the work ranged between 0 (work was completed on the same day the task order was submitted) to 361 days.
- 675 of the 1,208 (57%) of the work orders were completed within 21 days.
- 991 of the 1,208 (82%) of the work orders were classified as urgent .
- 586 of the 991 (59%) of the urgent work orders were completed within 21 days.

The Facilities Support Unit recently started an initiative to track cost related measures and repeat work orders. However, the performance metric tracking initiative is at an early stage and in the implementation phase.

Audit Recommendation 6:

The lack of performance metrics increases the risk that a decrease in performance efficiency and effectiveness goes undetected. We recommend Facilities Support continues its efforts to implement relevant key performance metrics, including the ability to track cost per square footage, average time to process work orders, number of repeat work orders, preventive maintenance vs corrective maintenance, and customer satisfaction. We also recommend Facilities Support enhances its data tracking capabilities, including taking steps to have the ability to track the time it takes the Facilities Support Admin Manager I to review and approve work orders prior to forwarding them to CEO Real Estate and OCPW.

Department Response 6: Probation partially concurs.

The Department is the process of implementing steps to track and follow various metrics surrounding the Orange County Public Works (OCPW) Department workorder process. OCPW has granted the Department access to reports, however these are limited in data and changes to the available reports are beyond the authority of the Department as the system belongs to OCPW. The AFD Director has begun conversations with the Budget Team on available reports

from OCPW and other expense and job billing reports available through the CAPS+ Data Warehouse to evaluate the ability to combine various reports and resources to monitor and evaluate key performance metrics. Due to the vacancy of the Department Facilities and Safety Manager, implementation of these reports and evaluations are planned for implementation in 2023.

Audit Comment 7:

Safety Management tracks the incident rate for historical comparisons. However, there is opportunity for improvement as Safety Management does not currently have a system to track safety related issues overall. Additionally, a comparison of the Department's incident rate for Fiscal Year 2019-20 to the industry average disclosed that at 7.4, the incident rate for the Department was significantly higher in Fiscal Year 2019-20 than the industry average at 2.6 for calendar year 2019.

Audit Recommendation 7:

We recommend enhancing procedures to ensure that Safety Management can track all safety related issues and use this data to measure performance and identify patterns to improve efficiency and effectiveness (e.g., repeated safety issues across buildings). We also recommend Safety Management continues its efforts to decrease the incident rate closer to the industry average and performs an analysis to identify the factors that are causing the Department's incident to be significantly higher than the industry average.

Department Response 7: Probation partially concurs.

The Department reviews and investigates all worker's compensation claims as they are submitted. Incidents and injuries are tracked, and the reports are used to generate key metric indicators that assist the Safety Manager with identifying reoccurring trends and potential exposures. These metric reports are then used to identifying training, equipment and building needs and improvements to correct and/or prevent potential hazards and exposures. The current incident rate is 5.4 incidents per 100 full-time employees, which is below the States 6.8 industry average.

To provide a central repository for various safety related reports and improve ability to track and monitor reports, trainings, etc. the department has begun the steps to implement OC Safety. The department has been meeting with CEO Risk Management to train on the OC Safety system as well as provide data required to implement the system. The current timeline to complete training is July 2022 with planned implementation of OC Safety by December 2022.

Audit Comment 8:

Contracts goes through a review process in which the reviewer focuses on compliance, timeline, and quality of work. However, there are no formal key performance indicators tracked

by the Purchasing and Contracts Unit to facilitate the measurement of efficiency and effectiveness as it relates to contracts and purchase orders execution. Additionally, the non-admin directors voiced concerns about a lack of communication between their departments and the Purchasing and Contracts Unit.

Audit Recommendation 8:

The lack of key performance indicators increases the risk that Purchasing and Contracts Unit fails to identify a decrease in performance and customer satisfaction with the procurement process. We recommend the Purchasing and Contracts Unit implements key performance metrics, including average time to execute contracts by procurement method, percentage of contracts executed on time, percentage of unit staff trained in contract procedures, and customer satisfaction. We also recommend the Purchasing and Contracts Unit implement procedures to improve communications with operations staff, including surveying directors and/or staff to obtain feedback on ways to improve communications.

Department Response 8: Probation partially concurs.

The OC Expediter system has reports that track various metrics including timeliness of processing of requisitions and various approval processing times. Included in the Performance Audit Report are the metrics the Purchasing and Contracts Unit provided for average time to execute contracts by solicitation type. These metrics can be used to compare to the reports provided in Expediter. The department already has established guidelines for the various procurement types that include estimated timelines for each process, which were provided to the auditor. The department also has schedules for the Request for Proposal processes that establishes a timeline for the process. The Contracts and Purchasing Manager meets with the contract administrators bi-weekly to review the status of their tasks to ensure established deadlines are met to the best of our ability, identify issues and resolve obstacles. The department has implemented a "de-brief" meeting process upon completion of large projects to compare actual completion dates to established schedules and typical processing times. Included in this meeting are discussions regarding issues encountered, process improvements, etc. Also, as referenced in the Budget Audit response, the department requested additions to the "Procurement Workload Report" in Expediter to allow more detailed analysis of the requisition related metrics.

As mentioned previously, also in progress are various AFD related trainings (e.g., AFD Overview, ASRs 101, Budget 101 and Contracts/Purchasing 101, etc.). The AFD Supervisor's Core Academy class was revised two years ago to focus more on AFD overall operations and the supervisor's role; this class content was further refined last year and aligns with the goal of education and awareness of county policies, procedures and roles of the supervisor as it pertains to all AFD operations. A version of this class geared toward Executive Management, Managers and other interested parties is in development. Lastly, the AFD Director is in the process of developing an

AFD Updates Bulletin for Department Dissemination that provides workload statistics, important updates, spotlights and other relevant topics.

Audit Comment 9:

The capital asset listing was not completely up to date as five (5) capital assets had been disposed of without providing proper notification to the Asset Management Subunit.

Audit Recommendation 9:

The disposal of assets without providing proper notification to the Asset Management Unit increases the risk that a misappropriation of an asset goes undetected. We recommend enhancing procedures (e.g., provide training) to ensure that all divisions fully understand the information that must be provided to the Asset Management Subunit after an event (e.g., disposal) that impacts a capital asset.

Department Response 9: Probation concurs.

The Administrative and Fiscal Division (AFD) previously identified asset management as an area in need of improvement and has begun to implement more thorough review and analysis, process changes, and identified need for training. A trend of total number of past Discharge of Accountability for assets requests brought to the Board of Supervisors has reduced significantly over the past years, indicating increased performance outcomes. AFD has implemented a standard for which assets will be tracked and controlled based on value and probability for theft that was not previously in place. The county is in the process of establishing an asset control management system to assist with tagging, tracking, reporting and annual inventory processes; once in place, the department will look to utilize this resource.

Additionally, this has been identified as an area of training that will be incorporated into the AFD training curriculum referenced in the Budget Audit response. It is anticipated that the training and asset control management system will be in place by the end of calendar year 2022.

Audit Comment 10:

An analysis of a listing containing all positions filled for the Department from the period of January 1, 2020, through July 31, 2021, disclosed the following:

- 140 positions were filled during this period.
- 102 days was the average time from the date the request was made by the Department to the date the offer was accepted by the candidate.
- 118 days was the average time from the date the request was made by the Department to the start date.
- 16 days was the average time from the date in which the offer was accepted by the candidate to the start date.

However, the HR Satellite Team currently does not have any key performance indicators goals to assess the performance of the recruitment process.

In addition, San Diego County and Riverside County were identified as peer counties of the Orange County for organizational structure comparison. Our researched discovered that both peer counties have an HR function within the probation department to help support the department's operations.

Audit Recommendation 10:

We recommend the HR Satellite Team implements key performance indicators and periodically perform analysis to track number of applicants per job posting and average time to fill positions. Additionally, consideration should be given to performing research to determine if it would be beneficial for the Department to have in-house HR staff. Having in-house HR staff would allow for more flexibility and provide the Department with an organizational structure that matches the structure of peer counties of similar size.

Department Response 10: Probation partially concurs.

It is the Department's understanding that the Central Human Resource Services (HRS) Analytics Team collects, organizes and analyzes workforce data to support strategic and evidence-based decision making throughout the county. HRS also publishes an annual report with statistics for the county (for departments that utilize central HRS) that reports various data such as number of recruitments, number of positions filled, etc. The Department defers to HRS as to implementation of any additional performance metrics recommended by the auditor.

The Department will discuss the recommendations of this audit to have the HR staff decentralized to the Probation Department with Central HRS and the County Executive Office. While the Department concurs with this finding, the recommendation is not at the discretion of the Department to implement.