



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

OFFICE OF COUNTY INVESTIGATIONS
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 514
LOS ANGELES, CALIFORNIA 90012

ARLENE BARRERA
AUDITOR-CONTROLLER

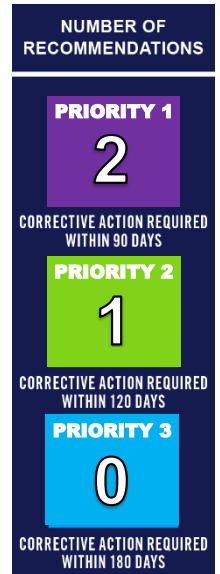
OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

November 9, 2021

TO: Jeffrey Prang, Assessor
Office of the Assessor

FROM: Robert G. Campbell, Chief
Office of County Investigations

SUBJECT: **IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW
#2020-16751**



During a limited review at the Office of the Assessor (Assessor or Department), we noted areas where the Department can strengthen controls over employee leave management and benefit usage, as well as compliance with County Sick Leave policies and Family and Medical Leave Act (FMLA) guidelines. Please see Attachment I, Table of Findings and Recommendations for Corrective Action, for details of our observations and recommendations.

Review of Report

We discussed our report with Assessor management. The Department's response (Attachment II) indicates general agreement with our findings and recommendations.

We thank Assessor management and staff for their cooperation and assistance during our review. If you have any questions please contact me at (213) 893-0058 or rcampbell@auditor.lacounty.gov, or your staff may contact Chris Magtoto, Supervising Investigator, at (213) 893-0841 or cmagtoto@auditor.lacounty.gov.

RGC:AMS:cm

Attachments

c: Arlene Barrera, Auditor-Controller
Audit Committee
Audit Division
County Counsel
LACERA

REPORT #OR-2020-16751

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Robert G. Campbell
DIVISION CHIEF

Office of County Investigations

Report #IOR-2020-16751

**OFFICE OF THE ASSESSOR
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2020-16751**

BACKGROUND

The Office of the Assessor (Assessor or Department) has over 1,400 employees in seven office locations throughout the County. Assessor's Personnel Division (Personnel) is responsible for managing personnel functions of the Department, including employees' use of Sick Leave and Family and Medical Leave Act (FMLA) benefits.

According to Countywide Policy, Procedures, and Guideline (PPG) 530 *Managing Sick Leave*, supervisors and managers have a legal obligation, as well as a responsibility to the public, to ensure that Sick Leave is used as intended for actual illnesses and injuries or for those specific uses authorized by County Code or other laws. This PPG also states an employee must submit their request to use Sick Leave for a scheduled absence in writing and if an employee's absence exceeds five consecutive workdays, their supervisor must request that the employee provide a medical certification.

The County's FMLA Policy Guidelines state that once management learns that an employee's leave is being taken for a qualifying reason, they must notify the employee in writing within five (5) business days that their leave is being designed as FMLA (or another applicable leave designation) and they must provide the employee with the "Notice of Eligibility and Rights & Responsibilities" and "Certification of Health Care Provider" forms for the employee to complete and return within 15 calendar days. The Guidelines indicate that qualifying reasons include an employee's own serious health condition or the serious health condition of a parent. The FMLA Policy Guidelines also state that leaves for the employee's or a qualifying family member's serious health condition be supported with a medical certification from a health care provider.

In addition, County Code 6.20.120 *Proof of Absence* states that any employee absent due to sickness, injury, pregnancy, quarantine, nonemergency medical or dental care, or family medical leave may be required, before such absence is authorized or payment is made, to furnish a doctor's certificate or other proof satisfactory to his/her department head that his/her absence was due to such causes.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE	RECOMMENDATION
1	Compliance with Countywide Sick Leave Policies – We found that an Assessor employee was allowed to use approximately 4 months (568 hours) of Sick Leave benefit time immediately prior to her retirement, without submitting any of the required documentation or complying with applicable County policies. Our review noted that management was aware the employee did not intend to return to work, that she had a retirement party and removed her personal belongings from the office before beginning her Sick Leave, and that she provided management a document instructing them how to code her Sick Leave and benefit usage on timecards until the effective date of her retirement.	Priority 1 - Assessor management: a) Ensure Assessor staff with any responsibilities for reviewing or approving Sick Leave requests or benefit usage are appropriately trained on and comply with County Sick Leave policies and documentation requirements. b) Ensure that Sick Leave policies and documentation requirements are applied to all employees on the same

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Agency's operations if corrective action is not taken.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>Assessor management indicated that they “verbally” approved the employee’s use of Sick Leave, but did not ask for or retain any evidence that the employee requested Sick Leave in writing or require the employee to submit medical certifications.</p> <p>County Code 6.20.120 states that before medical leave is authorized the employee must provide a doctor’s certificate or other proof that his/her absence was for a qualifying reason. Further, PPG 530 states that managers must ensure that Sick Leave is used as intended for actual illnesses and injuries or other authorized uses and reiterates the requirement for the employee to provide a medical certification, specifically, after an absence of five consecutive workdays. The employee never provided medical certification from a health care provider to justify her Sick Leave usage and to comply with County policies. As a result, the employee received at least \$14,000 more in compensation than she would have if she had been paid out for accrued Sick Leave upon retirement.</p> <p>Impacts: Increased risk Sick Leave benefits may be misused. Increased risk of improper payments to employees who misuse Sick Leave benefits for non-qualified reasons.</p>	<p>basis, and such documentation is retained for review/audit.</p> <p>c) In consultation with County Counsel, Department of Human Resources, and the Auditor-Controller’s Countywide Payroll Division, identify any adjustments that should be made to correct the subject former employee’s improperly coded timesheets to address the improper Sick Leave benefit usage, confirm the total amount the employee was overpaid due to this improper benefit usage, and evaluate/pursue options for recovering any verified overpayments.</p> <p>d) Notify the Los Angeles County Employees Retirement Association (LACERA) of any adjustments to the former employee’s benefits balances, so that LACERA can appropriately determine the impact(s) to the former employee’s base retirement pay.</p> <p>Department Response: Agree Implementation Date: December 1, 2021</p>
<p>2 Compliance with Countywide FMLA Policies – The same Assessor employee claimed that the use of 4 months (568 hours) of Sick Leave was for care for her sick parents and notified Assessor management. We found that Assessor management did not obtain medical documentation that it was for an FMLA-qualifying reason, did not notify the employee that their leave was designated as FMLA, and did not provide the employee with the required “Notice of Eligibility and Rights & Responsibilities” or “Certification of Health Care Provider” forms.</p> <p>Assessor management indicated they “verbally” approved the employee’s use of Sick Leave and that they believed it was for an FMLA-qualifying reason, (i.e., for the employee to care for sick parents) but had no medical certification from a health care provider to support that determination.</p> <p>FMLA Policy Guidelines state that once management learns that an employee’s leave is for a qualifying reason, they must notify the employee in writing within five (5) business days</p>	<p>Priority 1 - Assessor management:</p> <p>a) Ensure that all personnel with leave processing, return-to-work, and related responsibilities are trained on and comply with County FMLA policies and guidelines.</p> <p>b) Consider implementing a checklist or other compliance tool for return-to-work staff to ensure completion of all required steps in reviewing, approving/denying, and notifying an employee of their protected leave status.</p> <p>c) Periodically review a sample of employee leave files to ensure that leaves (e.g., Sick, FMLA) are adequately justified, documented,</p>

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Agency’s operations if corrective action is not taken.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>that their leave is being designed as FMLA (or another applicable leave designation) and they must provide the employee with the “Notice of Eligibility and Rights & Responsibilities” and “Certification of Health Care Provider” forms for the employee to complete and return within 15 calendar days. Further, leaves for the employee’s or a qualifying family member’s serious health condition must be supported with a medical certification from a health care provider.</p> <p>Impacts: Increased risk of legal action and monetary fines against the County.</p>	<p>reviewed, and processed in accordance with County policies.</p> <p>Department Response: Agree Implementation Date: December 1, 2021</p>
<p>3 Management Monitoring of Control – We noted Assessor needs to establish ongoing self-monitoring processes to regularly evaluate and document that processes and controls are working as intended for the following areas, as required by County Fiscal Manual Section 1.0.2. Specifically, they need to:</p> <ul style="list-style-type: none"> • Develop and/or improve self-monitoring processes over Sick Leave requests, usage, approvals, document retention, and periodic reviews. • Develop and/or improve self-monitoring processes over FMLA requests, usage, approvals, document retention, and periodic reviews. <p>Effective self-monitoring processes could include tests or observations examining Sick Leave and FMLA requests on a regular basis (e.g., quarterly, semi-annually) to ensure adherence to County and other applicable policies, and documenting and retaining evidence of this review in a manner that a third-party can subsequently validate.</p> <p>The monitoring process should also ensure material exceptions are elevated to management to ensure awareness of relative control risk on a timely basis, and to ensure appropriate corrective actions are implemented.</p> <p>Impacts: Without consistent monitoring, management does not have a reasonable assurance that Departmental and County objectives are being achieved. Increased risk for not promptly identifying and correcting process/control weaknesses or instances of non-compliance, such as misuse and/or overpayment of leave benefits.</p>	<p>Priority 2 – Assessor management establish ongoing self-monitoring processes that include:</p> <ol style="list-style-type: none"> Examination of process/control activities, such as a review of an adequate number of benefit use requests on a regular basis to ensure adherence to County rules. Documenting the monitoring activity and retaining evidence so it can be subsequently validated. Elevating material exceptions to management on a timely basis to ensure awareness of relative control risk and to ensure corrective actions are implemented. <p>Department Response: Agree Implementation Date: February 1, 2022</p>

For more information on our auditing process, including recommendation priority rankings, the follow-up process, and management’s responsibility for internal controls, visit auditor.lacounty.gov/audit-process-information.

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Agency’s operations if corrective action is not taken.




JEFFREY PRANG
Assessor

**OFFICE OF THE ASSESSOR
COUNTY OF LOS ANGELES**

500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2770
assessor.lacounty.gov
(213) 974-3101

October 14, 2021

TO: Robert G. Campbell, Chief
Office of County Investigations

FROM: Jeffrey Prang 
Assessor

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER FINDINGS AND
RECOMMENDED CORRECTIVE ACTIONS – REPORT #2020-16751**

The Office of the Assessor has reviewed the Auditor-Controller's report and agrees with the findings and recommendations. Attached is the Office's plan of corrective action.

If you have any questions, please contact Assistant Assessor Steven Hernandez at (213) 974-3101 or SHernandez@assessor.lacounty.gov.

Attachment

JP:SMH:ac

ASSESSOR IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2020-16751 DEPARTMENT ACTION PLAN/RESPONSE	
ISSUE 1: COMPLIANCE WITH COUNTYWIDE SICK LEAVE POLICIES	
A/C Recommendation	<p>Assessor management:</p> <ul style="list-style-type: none"> a) Ensure Assessor staff with any responsibilities for reviewing or approving Sick Leave requests or benefit usage are appropriately trained on and comply with County Sick Leave policies and documentation requirements. b) Ensure that Sick Leave policies and documentation requirements are applied to all employees on the same basis, and such documentation is retained for review/audit. c) In consultation with County Counsel, Department of Human Resources, and the Auditor-Controller's Countywide Payroll Division, identify any adjustments that should be made to correct the subject former employee's improperly coded timesheets to address the improper Sick Leave benefit usage, confirm the total amount the employee was overpaid due to this improper benefit usage, and evaluate/ pursue options for recovering any verified overpayments. d) Notify the Los Angeles County Employees Retirement Association (LACERA) of any adjustments to the former employee's benefits balances, so that LACERA can appropriately determine the impact(s) to the former employee's base retirement pay.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	<p>We will establish a process/control to perform monthly audits to identify employees who have used forty (40) or more hours of Sick Leave and send notice to the employee's direct supervisor to follow the Assessor's Sick Leave: Application, Reporting, and Control Policy. The employee's direct supervisor is responsible for reviewing or approving Sick Leave requests and benefit usage and retain the documentation.</p> <p>We will consult with County Counsel, Department of Human Resources, and the Auditor-Controller to identify any adjustments that should be made to the subject former employee's coded timesheets, confirm the total amount that the employee was paid, and evaluate/pursue options for recovering any verified overpayments.</p> <p>We will notify the Los Angeles County Employees Retirement Association of any adjustments to the former employee's benefits balances, so that LACERA can appropriately determine the impact(s) to the former employee's base retirement pay.</p>

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ASSESSOR IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2020-16751 DEPARTMENT ACTION PLAN/RESPONSE	
ISSUE 1: COMPLIANCE WITH COUNTYWIDE SICK LEAVE POLICIES	
Planned Implementation Date	December 1, 2021
Additional Information (optional) ²	
ISSUE 2: COMPLIANCE WITH COUNTYWIDE FMLA POLICIES	
A/C Recommendation	<p>Assessor management:</p> <ul style="list-style-type: none"> a) Ensure that all personnel with leave processing, return-to-work, and related responsibilities are trained on and comply with County FMLA policies and guidelines. b) Consider implementing a checklist or other compliance tool for return-to-work staff to ensure completion of all required steps in reviewing, approving/denying, and notifying an employee of their protected leave status. c) Periodically review a sample of employee leave files to ensure that leaves (e.g., Sick, FMLA) are adequately justified, documented, reviewed, and processed in accordance with County policies.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan ¹	<p>We will ensure that all personnel with leave processing, return-to-work, and related responsibilities are trained on and comply with County FMLA policies and guidelines.</p> <p>We will evaluate the feasibility of implementing a checklist or other compliance tool for return-to-work staff to ensure completion of all required steps in reviewing, approving/denying, and notifying an employee of their protected leave status.</p> <p>We will periodically review a sample of employee leave files to ensure that leaves (e.g., Sick, FMLA) are adequately justified, documented, reviewed, and processed in accordance with County policies.</p>
Planned Implementation Date	December 1, 2021
Additional Information (optional) ²	

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

² In this section the Department can provide any background or clarifying information they believe is necessary.

**ASSESSOR
IMPROVEMENT OPPORTUNITIES NOTED DURING LIMITED REVIEW #2020-16751
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 3: COMPLIANCE WITH COUNTYWIDE FMLA POLICIES	
A/C Recommendation	<p>Assessor management establish ongoing self-monitoring processes that include:</p> <ul style="list-style-type: none"> a) Examination of process/control activities, such as a review of an adequate number of benefit use requests on a regular basis to ensure adherence to County rules. b) Documenting the monitoring activity and retaining evidence so it can be subsequently validated. c) Elevating material exceptions to management on a timely basis to ensure awareness of relative control risk and to ensure corrective actions are implemented.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	<p>We will establish a process/control to perform monthly audits to identify employees who have used forty (40) or more hours of Sick Leave and send notice to the employee's direct supervisor to follow the Assessor's Sick Leave: Application, Reporting, and Control Policy. The employee's direct supervisor is responsible for reviewing or approving Sick Leave requests and benefit usage and retain the documentation.</p> <p>We will consult with County Counsel, Department of Human Resources, and the Auditor-Controller to identify any adjustments that should be made to the subject former employee's coded timesheets, confirm the total amount that the employee was paid, and evaluate/pursue options for recovering any verified overpayments.</p> <p>We will notify the Los Angeles County Employees Retirement Association of any adjustments to the former employee's benefits balances, so that LACERA can appropriately determine the impact(s) to the former employee's base retirement pay.</p>
Planned Implementation Date	February 1, 2022
Additional Information (optional)²	

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. The Department should include any other information in the Additional Information section that follows.

² In this section the Department can provide any background or clarifying information they believe is necessary.