



**Audit of Eligibility for Certification
Payments to Health Care Agency
Employees**

Report Date: November 6, 2023

Office of the Auditor-Controller
County of Ventura, California
Jeffery S. Burgh, Auditor-Controller

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Barry Zimmerman, Director, Health Care Agency

Date: November 6, 2023

From: Jeffery S. Burgh

Subject: **AUDIT OF ELIGIBILITY FOR CERTIFICATION PAYMENTS TO HEALTH CARE AGENCY EMPLOYEES**

We have completed our audit of eligibility for certification payments (Certification Pay) to Health Care Agency (HCA) employees. Our overall objective was to evaluate whether Certification Pay was paid only to eligible employees for the period of January 1 through June 30, 2022.

Executive Summary

Overall, we found that improvements were needed to ensure Certification Pay was paid only to eligible HCA employees. While we found that personnel files generally contained the proper documentation to authorize the payment of Certification Pay, we identified areas where action was needed to improve management oversight. Specifically, we found that:

- Of the 83 employees selected for testing, 8 (10%) inappropriately received Certification Pay, resulting in overpayments of approximately \$6,200 for the period under review, mainly due to expired certifications.
- Management had not established a repayment agreement for the known recoverable portion of Certification Pay overpayments made to an ineligible employee, amounting to more than \$24,600.

Corrective action has been initiated to address our findings. Corrective action is planned to be completed by December 2023.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

cc: Honorable Matt LaVere, Chair, Board of Supervisors
Honorable Kelly Long, Vice Chair, Board of Supervisors
Honorable Jeff Gorell, Board of Supervisors
Honorable Janice S. Parvin, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Sevet Johnson, Psy.D., County Executive Officer

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Background

Permanent Ventura County (County) Health Care Agency (HCA) employees who acquire and maintain certain certifications or licenses may be eligible for payments in addition to the employee's base pay (Certification Pay). To be eligible for Certification Pay, employees must meet the requirements outlined in the applicable bargaining unit's Memorandum of Agreement (MOA) and provide proof that the certification or license meets the MOA requirements.

Over \$2.2 million in Certification Pay was paid to 831 HCA employees during the first half of calendar year 2022, and HCA paid more than \$4.5 million in Certification Pay for the entire year.

Scope

Our overall objective was to determine whether Certification Pay was paid only to eligible employees for the period of January 1 through June 30, 2022. Specifically, we:

- determined whether employees who received Certification Pay complied with applicable MOA eligibility requirements; and
- verified that management provided adequate oversight for Certification Pay.

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that improvements were needed to ensure Certification Pay was paid only to eligible HCA employees. While personnel files generally contained the proper documentation to authorize the payment of Certification Pay, our audit identified areas where action was needed to improve management oversight.

Specifically, we found that 8 (10%) of the 83 employees selected for testing were inappropriately paid Certification Pay, resulting in overpayments of approximately \$6,200 during the review period. Additionally, we determined that one employee received Certification Pay for over 20 years but was ineligible based on the employee's classification. Despite being aware of the overpayment, HCA management had not established a repayment agreement to collect the recoverable portion of the overpayment.

Following are details of the areas where improvements were needed. Corrective action has been initiated in response to the audit as noted.

1. Increased Oversight for Healthcare Certifications and Licenses

Improvements were needed in management's oversight of healthcare certifications and licenses to ensure that only eligible employees with appropriate documentation receive Certification Pay. Of the 80 employees receiving Certification Pay for healthcare certifications or licenses selected for testing, 8 (10%) did not have appropriate supporting documentation on file or were ineligible to receive Certification

Pay. However, upon request during the audit, one employee provided evidence of the correct certification to support the level of Certification Pay received. Of the remaining seven employees, we found that:

- Six (86%) had certifications on file that expired before or during the review period, but Certification Pay was not properly revoked.
- One (14%) was ineligible to receive Certification Pay based on the employee's classification.

HCA Human Resources (HCA-HR) uses a database to track the expiration and renewal dates of healthcare certifications and licenses. Each pay period, HCA-HR receives a report from the database showing the expiration dates of all certifications or licenses for which employees received Certification Pay during the pay period. However, during our audit, we found that HCA-HR staff sometimes entered expiration and renewal dates into the database incorrectly, making these reports unreliable. We also found that HCA-HR staff did not always properly cancel Certification Pay when employees did not submit evidence of renewal before a certification or license expired. Additionally, we noted that HCA-HR's review of Certification Pay request forms did not always identify employees that were ineligible for some, or all, of the pay requested due to MOA or department requirements. These issues resulted in estimated overpayments to employees with healthcare certifications or licenses amounting to more than \$4,300 during the period reviewed.

Recommendation. HCA management should conduct more thorough reviews of certifications and licenses on file to ensure that Certification Pay is paid only to employees with current and appropriate documentation. These reviews should include comparing expiration dates reported on the certification or license with expiration dates entered in the database and updating the information as needed. HCA management should promptly revoke Certification Pay for employees with expired certifications or licenses. Additionally, HCA management should carefully review all Certification Pay request forms to confirm employee eligibility before authorizing payment. HCA management should establish repayment agreements for the recoverable portion of overpayments made to County employees.

Management Action. HCA management stated: "HCA management agreed to implement corrective action and stated: will pursue a repayment agreement with the employees. HCA management will work with CEO-HR, the Auditor-Controller and HCA Fiscal to start the overpayment plan."

County Executive Office - Human Resources (CEO-HR) HCA Division management stated: "CEO-HR HCA Division agrees that Certification Pay should be paid only to those employees with current and appropriate documentation. To ensure that this is taking place CEO-HR HCA began to utilize additional reports and applied more stringent analysis to requests for Certification Pay approximately mid-way through the timeframe covered by the audit and prior to the start of the audit. Moving forward CEO-HR HCA will implement several additional measures to verify the eligibility of the employee for the certification, the validity and expiration dates for each unique certification and create an in-house audit process to maintain the accuracy of Certification Pay payments. These measures will include:

1. Written standards on the determination of expiration dates. These standards will incorporate the priority of instruments used to verify expiration dates of certifications.
 - i. Expiration dates or length of validity of certification listed directly on certification.

- ii. Website of certifying organization if expiration dates or timeframes are not listed on the certification.
 - iii. If neither of the above are available, use of the timeframes listed on table of valid certifications provided to CEO-HR HCA by department nursing administrators.
2. Monthly audits of randomly chosen employees receiving certification pay completed by Personnel Analysts who are separate from the team processing Certification Pay.
 3. Utilization of biweekly certification tracking reports that include a look back at prior pay periods to make certain that all expired certifications are addressed timely.
 4. Usage of tables that provide a breakdown by MOU of those classifications eligible for certification pay and the types and numbers of certification available to those classifications.
 5. Quarterly review and update of departmental certification tables in conjunction with the department(s) Nursing Administrators.”

2. Periodic Review for Non-Healthcare Certifications

Management did not periodically verify that employees receiving Certification Pay provided the required evidence of renewal for non-healthcare certifications or licenses. We noted that documentation on file was expired for two (67%) of the three employees receiving non-healthcare Certification Pay selected for testing.

- Upon request during the audit, one employee provided evidence that the expired certification had been appropriately renewed and covered the period under review.
- The second employee had retired by the time of our audit and, therefore, we could not confirm whether the employee’s two certifications had been appropriately renewed before expiring. As no renewal was on file, the employee appears to have been overpaid by more than \$1,900 for the period reviewed.

HCA-HR management stated that expiration dates for non-healthcare certifications and licenses are not tracked using the database as described above in Finding 1. Without periodic review procedures in place to ensure certifications and licenses are properly maintained, employees with expired certifications or licenses may continue to inappropriately receive Certification Pay.

Recommendation. HCA management should monitor expiration dates of non-healthcare certifications or licenses subject to Certification Pay to ensure proof of renewal is provided by the employee prior to the expiration date. If the employee does not provide proof of renewal by the expiration date, prompt action should be taken to revoke Certification Pay. HCA management should establish repayment agreements for the recoverable portion of overpayments made to County employees.

Management Action. HCA management stated: “HCA management agreed that going forward, they will implement a corrective action if necessary for repayments. HCA management will work with CEO-HR, the Auditor-Controller and HCA Fiscal to start the repayment process.”

CEO-HR HCA Division management stated: “CEO-HR HCA Division substantially agrees that CEO-HR HCA can do better in tracking those certifications not related to health care. The tracking of non-healthcare certifications should be managed in the same manner as those that are health care based.

To our knowledge, the non-healthcare related certifications that were reviewed as part of the audit had, prior to the audit, not been considered to have an expiration date. We were made aware that this was also true of other agencies that have employees who are receiving certification pay for the non-healthcare certification addressed in the audit.

“Starting immediately, a new practice will be implemented to monitor expiration dates of non-healthcare certifications or licenses subject to Certification Pay. The same practice of utilizing bi-weekly reports will take place to revoke any pay for expired certifications. There will be two staff trained in this area, and two leads will be assigned to perform a monthly audit for any expired non-healthcare certifications and licenses.”

3. Repayment of Certification Pay Paid to an Ineligible Employee

HCA management had not established a repayment agreement for known Certification Pay overpayments made to an ineligible employee. From 2000 to 2022, one employee received Certification Pay as an hourly rate per hour compensated for each of the employee’s five certifications. However, in May of 2022, HCA-HR determined that the employee was not eligible to receive Certification Pay due to the employee’s job classification. We were informed that the County Executive Office (CEO) notified HCA management of the County’s obligation to recover the last 3 years of overpayment, totaling more than \$24,600. However, HCA management had not pursued a repayment agreement with the employee since being notified by CEO although Certification Pay was appropriately revoked at that time. Not pursuing a repayment agreement for the recoverable portion of the overpayment constitutes a gift of public funds and is prohibited by County Administrative Policy No. Chapter VII (A) – 11, *Reimbursement for Overpayments and Underpayments (Policy)* and California law.

Recommendation. HCA management should follow procedures described in the Policy to ensure the County is fully reimbursed for the recoverable portion of overpayments made to employees.

Management Action. HCA management stated: “HCA management agreed to implement corrective action and stated: will pursue a repayment agreement with the employee. HCA management will work with CEO-HR, the Auditor-Controller and HCA Fiscal to start the overpayment plan.”

CEO-HR HCA Division management stated: “CEO-HR HCA Division agrees that HCA management should follow procedures as described in the County Administrative Policy No. Chapter VII (A) – 11, *Reimbursement for Overpayments and Underpayments (Policy)* and California law. CEO-HR HCA Division found the error in paying an employee certification pay to which she was not entitled and reported the issue to HCA Management and Ventura County Labor Relations. CEO-HR HCA Division has fulfilled their responsibility of notifying HCA management regarding the overpayment of the employee.”

Auditor’s Evaluation of Management Action

We believe that management actions taken or planned were responsive to the audit findings. Corrective action is planned to be completed by December 2023.