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May 15, 2025

To the employees and citizens of Ventura County:

I'd like to thank the CEO, Assistant CEO-HR Director, and CEO-HR Management team for their cooperation in the completion of this audit report. I'd also like to take this opportunity to thank all the dedicated and hard-working staff of the CEO-HR Division, as well as all Countywide HR staff. The pride you exhibit in your work, day in and day out, makes me proud to be an elected Official for this wonderful county. You should be, and have every reason to be, proud of your work.

This audit commenced during a time of transition within our county organization. Phase II of the HR Audit was conducted out of concern over the perception of inequity and bias within County HR processes related to the CEO's Office. This concern was born from my own experiences, and those experiences expressed to me by others including county staff, managers, Agency/Department Directors, and members of the public.

The objective of this audit was to identify weaknesses within the controls in place which may lead to a perceived appearance of inequities or bias within HR processes. Additionally, it was conducted to identify and strengthen those controls for the purpose of eliminating or mitigating any perception or appearance of inequities or bias.

My belief is we, the County of Ventura as an organization, should strive to provide excellent service to our staff. I believe we owe this to the more than ten thousand dedicated county employees to assure them we are doing all we can and then some: providing an outstanding working environment. We can always do better.

Respectfully submitted,

JEFFERY S. BURGH
Auditor-Controller

Audit of Human Resources (HR) Policies and Processes:

Phase II – HR Practices Applied to County Executive Office Positions

Report Date: May 15, 2025

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

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Sevet Johnson, Psy.D., County Executive Officer **Date:** May 15, 2025

From: Jeffery S. Burgh

Subject: **AUDIT OF HUMAN RESOURCES (HR) POLICIES AND PROCESSES: PHASE II – HR PRACTICES APPLIED TO COUNTY EXECUTIVE OFFICE POSITIONS**

On March 28, 2023, Phase I of the audit of Human Resources (HR) policies and processes was completed, which comprised a review of HR policies and complaint investigation procedures, as authorized by the Board of Supervisors. The Auditor-Controller determined that a second phase of the audit was needed to determine whether HR practices applied to County Executive Office (CEO) positions were appropriate under the prior County Executive Officer and prior HR Director. Phase II of the HR policies and processes audit has been completed, which reviewed HR activity during the period January 1, 2018, through March 11, 2022.

Executive Summary

Overall, we found that HR practices with regard to CEO positions were in need of improvement to enhance accountability, oversight, and transparency. For example, we found that:

- The current organizational structure of the HR Division, positioned as a dependent division within CEO, creates the opportunity for bias in favor of CEO employees in the application of HR policies and processes.

- CEO positions were reclassified, hired above the midpoint of the salary range, and granted flexible merit increases at a higher rate than other agencies we reviewed, indicating a need for additional guidelines in these areas.

- Position reclassifications for CEO employees were not always supported by complete documentation as required for other agencies, which undermines equitable treatment of employees Countywide.

- The County lacked a comprehensive Countywide position classification plan, which resulted in unclear job classification uses and unsupported differences in pay between comparable classifications.

- All CEO staff were classified as management, confidential clerical, or otherwise unrepresented, irrespective of actual duties, potentially resulting in inequitable compensation compared to other County agencies.

Except as noted in the audit report, CEO management initiated corrective action to address our findings. Corrective action is planned to be completed by December 31, 2026.

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

cc: Honorable Janice S. Parvin, Chair, Board of Supervisors
Honorable Jeff Gorell, Vice Chair, Board of Supervisors
Honorable Matt LaVere, Board of Supervisors
Honorable Kelly Long, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Danielle Keys, Director, CEO Human Resources

Audit Report Contents

Background

The County of Ventura (County) County Executive Office (CEO) is comprised of three main divisions: Administration; Budget and Finance; and Human Resources (HR). The mission of the CEO-HR Division (CEO-HR) is to recruit, retain, and develop a diverse, inclusive, and qualified workforce committed to providing the highest level of public service. For Fiscal Year (FY) 2021-22, CEO was authorized a total of 162 (1.6%) positions out of the 10,182 positions authorized Countywide.

During the time of our audit, the County's Personnel Rules and Regulations were last amended on November 20, 2012, and granted authority to the County Executive Officer or the HR Director to approve certain personnel actions, while other actions must be approved by the County's Board of Supervisors (Board). For example, Section 908 stated: "The County Executive Officer shall determine the classification changes of all positions in the County Civil Service except for positions included in studies (recommendations which relate to a substantial number of related adjustments) and those requiring the establishment of new classification titles and salary ranges. These two exceptions must be approved by the Board of Supervisors."

On March 11, 2022, the prior County Executive Officer abruptly retired. In response, on March 22, 2022, the Board authorized the Auditor-Controller to contract with an independent consultant to conduct a review of current HR policies, processes, and reporting mechanisms involving the Employee Complaint Resolution process and whistleblower protections to determine if such policies and processes needed to be refined. On March 28, 2023, the Auditor-Controller presented the Board with the consultant's report, "Phase I – Review of Current HR Policies and Complaint Investigation Procedures."

The Auditor-Controller determined that a second phase of the audit was necessary to evaluate whether HR policies and processes were applied to CEO positions using the same rigorous standards that CEO-HR applied to other County agency positions. This Phase II audit is the final phase of the HR policies and processes audit.

Scope

Our overall objective was to determine whether HR practices applied to CEO positions were appropriate during the period January 1, 2018, through March 11, 2022. This timeframe was selected to review the most recent HR activity that occurred during the period in which the prior HR Director reported to the prior County Executive Officer. Specifically, we:

- compared HR activity for CEO positions to HR activity for other County agency positions specifically regarding reclassifications, flexible merit increases, and hiring above the midpoint salary;
- determined whether additional safeguards were needed for HR actions related to CEO positions; and
- evaluated the justification for certain CEO position classifications and salaries.

We judgmentally selected four other agencies for comparison with CEO regarding HR activity: Auditor-Controller's Office (75 authorized positions for FY 2021-22); General Services Agency (300 positions); Information Technology Services (182 positions); and Public Works Agency (393 positions). The Auditor-Controller's Office was used as a comparative agency only where our audit procedures were data-driven.

The audit was performed in conformance with the Global Internal Audit Standards promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that HR practices with regard to CEO positions were in need of improvement to enhance accountability, oversight, and transparency. Specifically, we found that the current organizational structure creates the opportunity for bias in HR practices, with the risk of partiality toward CEO employees. We also found that better management of job classifications, including a comprehensive position classification plan, was needed to help ensure fair and consistent treatment of classifications Countywide.

Following are details of the areas where improvements were needed, presented in order of significance and relevance based on information we received at the time of our audit. Except substantially for Findings 1.01, 1.02, 2.01, 2.02, and 2.03, CEO management initiated corrective action in response to the audit as noted.

1. Impact of HR's Organizational Structure Within CEO

The organizational structure of HR as a division of CEO and lack of independent oversight appeared to result in more favorable personnel actions affecting compensation for CEO employees than other County agencies we reviewed. For example, we found that CEO position reclassifications appeared to encounter fewer obstacles than reclassifications in other agencies, were not always supported with complete documentation, and were approved at a higher rate than other agencies. Therefore, additional safeguards were needed to help ensure accountability for salary and other personnel actions related to CEO positions. Transitioning the HR Division to a separate department organizationally, with reporting directly to the Board and relocating the office to a distinct physical location, will reinforce HR's independence and impartiality.

1.01 Lack of Independent Review of CEO Personnel Actions

Except in specific instances, CEO-HR authorized and executed personnel actions for CEO positions without independent oversight. Throughout the audit, we identified personnel actions that appeared to benefit CEO employees more than other County agency employees. Specifically, CEO positions were reclassified, hired above the midpoint of the salary range, and granted flexible merit increases above 5 percent (%) at a higher rate than positions in other County agencies reviewed. We also found, as detailed in Finding 1.03 below, that the only reclassifications that deviated from CEO-HR's Classification and Compensation Guidelines exclusively involved reclassifications for CEO positions. Consequently, the current organizational structure in which the HR Director reports directly to the County Executive Officer presents a potential for abuse, resulting in personnel actions for CEO employees that may be partial and preferential in the absence of independent review.

Recommendation. CEO management should consider removing the HR Division organizationally and physically from CEO to strengthen the objectivity of the HR function. Considerations should include whether the HR Director should have a direct reporting relationship to the Board.

Management Response. CEO management stated: "We note that there are no findings of violation of policy or procedures and no evidence to suggest any sort of abuse of authority. The powers and duties vested in the CEO are set by the Board of Supervisors (Board). As set forth in Ordinance No. 4610, the CEO is the administrative officer of the Board and exercises administrative supervision and control of the affairs of the County, including financial and budget, personnel, and other general administrative functions. The CEO is responsible and accountable to the Board for the proper and efficient administration of all governmental affairs that are legally placed in their charge or under their control. The CEO prepares matters for the consideration of the Board and advises and makes recommendations to the Board on such matters, including reports and recommendations with respect to the compensation and benefits of County employees and the administration of rules and procedures to be followed in the County's employer/employee relationships. It should be noted that the Auditor-Controller's Office reviews these matters before submission to the Board as part of our internal review process and as indicated in each respective Board Letter.

"We were unable to identify a California-based county organizational model in which Human Resources has a direct reporting relationship to the Board, nor was the Auditor-Controller able to produce such a model for our consideration.

"We continue to assess the physical location of the Human Resources Division. To date, the need to relocate the division has not arisen."

Auditor's Comment. We have noted that CEO management does not intend to evaluate whether the HR Division should be separated organizationally from CEO. Such an evaluation could benefit from being conducted by an impartial third party and consider whether any compensating controls could be implemented to help prevent bias in the current reporting relationship. While our audit was not designed to identify other county organizational models for CEO's consideration, a third party could be engaged to provide such alternatives. At a minimum, safeguards should be established over key aspects of personnel actions affecting CEO positions that could result in a conflict of interest due to the current organizational structure. Therefore, we encourage CEO to consider taking action on this issue.

To clarify, the Auditor-Controller's Office reviews Board letters for fiscal impact, ability to pay obligations, accuracy of payroll terms, etc. Our Board letter reviews do not opine on the administration of County affairs.

1.02 Disparities in Reclassification Rate and Timeliness

Reclassifications of CEO positions accounted for a disproportionately greater number of approved reclassifications, and the reclassifications were generally approved faster than other County agencies we reviewed. Under Section 909 of the County Personnel Rules and Regulations, agencies may request position reclassifications when:

1. The job duties have substantially and gradually changed over time;
2. The position was previously classified improperly; or
3. The position must be reclassified due to development or refinement of the classification plan.

Reclassifying positions typically results in a reclassification upward, with a 5% increase in the employee's salary and a higher salary range. For the audited period and agencies selected for testing:

- Of the 38 approved reclassifications, excluding those specifically authorized by the Board, 20 (53%) were for CEO employees.

Exhibit 1. Approved Reclassifications

Agency	Number	Percent of Total
County Executive Office	20	53%
Auditor-Controller's Office	8	21%
General Services Agency	6	16%
Information Technology Services	2	5%
Public Works Agency	2	5%
Total	38	100%

- Reclassifications of CEO positions were approved in an average of approximately 72 days, which was significantly faster than the Auditor-Controller's Office (113 days) and General Services Agency (234 days). While reclassifications for the Public Works Agency (42 days) and Information Technology Services (52 days) were processed faster than CEO reclassifications, the significantly lower volume of reclassifications could have been a factor in the timely approvals for those agencies.

The disproportionately high number of reclassifications of CEO positions and expedited approval times raises concern regarding inconsistent standards for the position reclassification process. These disparities may create the perception that CEO employees receive preferential treatment, undermining trust in the reclassification process and unnecessarily increasing County payroll costs from resulting salary adjustments.

Recommendation. CEO management should establish safeguards to ensure that reclassifications of CEO positions are justified and in accordance with the Personnel Rules and Regulations to avoid unnecessary increases in payroll costs. Additionally, CEO management should consider regularly monitoring reclassification activity, including approval rates and processing times, to identify and address disparities.

Management Response. CEO management stated: "We note that there are no findings of violations of policy or procedures as they pertain to the County's Personnel Rules and Regulations and County Classification and Compensation Guidelines. The Public Works Agency, General Services Agency, and Information Technology Services Department are Proprietary-Internal Service Fund agencies, while the County Executive Office is a General Fund entity. Pursuant to a County Counsel legal opinion, such Proprietary Fund agencies can add and delete positions via administrative approval, without requiring Board approval. That process availability could lead to a lower volume of reclassification activity that was reviewed, for example. Yet, this nuance was not discussed nor addressed, thus potentially resulting in skewed audit findings. Furthermore, the decision to include the Auditor-Controller's Office as a comparative agency brings into question the ability of the Auditor-Controller to provide an impartial analysis and audit finding. It is plausible that the findings could have been invalidated had other agencies been selected using a more objective sampling methodology. For example, the two agencies with high reclassification activity, the Sheriff's Office and the Human Services Agency, were not included in the review.

"The Board of Supervisors recently approved comprehensive amendments to the County's Personnel Rules and Regulations. These revisions have provided clarity to many of our practices referenced in this Audit Report. We also commit to engaging with our customers to provide an overview of the process whenever a request is made.

"Further, the Human Resources Division does track information on reclassification activity, including approval rates and processing times, much of which is reported in the quarterly HR Dashboard that is distributed to County agencies/departments. While examining how the process may be beneficial, an increase to resources may be required to make amendments."

Auditor's Comment. We have noted that CEO does not intend to implement corrective action in response to this finding.

Regarding our decision to include the Auditor-Controller's Office as a comparative agency, this was only employed where our audit procedures were data-driven. The veracity of the data is not in question.

We further reviewed the Countywide data to address CEO's statement that the two agencies with high reclassification activity, the Sheriff's Office and the Human Services Agency, were not included in our audit. For comparison purposes, we excluded reclassifications specifically authorized by the Board and found that the Sheriff's Office reclassified 8 positions during the audit period and the Human Services Agency reclassified 14 positions. The Countywide data also demonstrated that reclassifications of CEO positions accounted for the greatest number of comparable reclassifications among all County agencies. Therefore, the conclusions we reached from our audit samples were reflective of the Countywide data we reviewed.

Regarding CEO's assertion that the proprietary funds' ability to add and delete positions could lead to lower reclassification activity during the audited period, CEO-HR never raised this concern during the nearly 8 months we spent working with HR staff on this audit. To fairly evaluate CEO's assertion, we requested the add/delete activity for the period under audit but were told HR would not provide this data as the information "is not readily available." Therefore, CEO's statement appears to be purely speculative.

Additionally, we reviewed the statistics included in the quarterly HR Dashboard and noted that the data did not include approval rates or processing times at the department level. Including these additional statistics may help agencies and the HR Division more effectively monitor reclassification activity.

Therefore, we encourage CEO to consider taking action on this issue.

1.03 Inconsistent Supporting Documentation for CEO Position Reclassifications

CEO position reclassifications were not always supported by complete documentation as required from the other County agencies selected for testing. CEO-HR's Classification and Compensation Guidelines state that reclassification requests should be accompanied by a Classification Package, which includes: a completed Classification Review Request form, a memo from the requesting party, a Position Description Questionnaire (PDQ), and a current Organization Chart. Of the 38 Classification Packages we reviewed, 20 were for CEO positions, 16 (80%) of which were missing one or more of the package components. Of all 38 Classification Packages we reviewed, only the 16 files for CEO were missing any element of the package. Specifically, we found that:

- Eight (8) files did not include a PDQ.
- Seven (7) files did not include a Classification Review Request form. CEO-HR management asserted that four of these reclassifications were internally requested during CEO's annual budget preparation and did not require an additional request form. CEO was the only agency to request position reclassifications in this manner, and the Classification and Compensation Guidelines did not present this method as an eligible pathway for reclassification requests.
- Five (5) files initially lacked the Classification Review Request form, although these forms were supplied upon request. However, the supplemental forms were often incomplete, lacked approval signatures, and/or were provided in a fillable electronic format.
- Three (3) files only contained a memo from the requesting party and no other elements of the Classification Package.
- One (1) file contained no elements of the Classification Package and was only supported by the reclassification approval form.

The inconsistent and incomplete supporting documentation for CEO position reclassifications further raises the concern that reclassification standards are not enforced to the same degree for CEO employees. Inconsistent application of HR practices could result in inequitable treatment of employees, misalignment of roles with organizational needs, and reduced transparency in the reclassification process.

Recommendation. CEO-HR management should consistently enforce adherence to the same documentation requirements for CEO position reclassifications as for other County agencies.

Management Action. CEO management stated: "It is important to note that this recommendation is contradictory to Recommendation 1.04. It is not possible to be more rigid and more flexible at the same time. While it is ideal to have all the supporting documentation requested for a reclassification request, the requesting party does not always provide it. In an effort to be customer service oriented and responsive to such requests, staff evaluates each request on a case-by-case basis to determine whether they can gather sufficient evidence to provide an appropriate recommendation if any of the standard supporting documentation is not provided.

"There is an opportunity to improve the process as it pertains to records, and staff will endeavor to thoroughly examine this opportunity provided the appropriate resources are available. We also believe that being flexible and conducting studies with different methodologies will best serve our customers. Requiring certain forms in all cases does not serve our customers well. We also point out that our current practice is the same industry standard used by other public sector entities."

Auditor's Comment. To clarify, Recommendation 1.03 is about holding CEO to the same documentation standards for position reclassifications as other County agencies, whereas Recommendation 1.04 is about refining the reclassification process. Therefore, we do not believe that Recommendations 1.03 and 1.04 are contradictory. In addition, we emphasize our observation that only CEO position reclassifications lacked complete documentation; therefore, corrective action should be focused on reclassifications for CEO personnel.

1.04 Reclassifications Not Pursued by Other County Agencies

The position reclassification process appears to result in more favorable outcomes for CEO than other County agencies. During our audit, we polled selected agencies on the reclassification process. CEO management reported that 92% (34 out of 37) of the reclassifications pursued for CEO positions were approved, whereas two other County agencies reported an approval rate of 67% (6 out of 9) and 11% (2 out of 19). Another agency reported that 10 or more reclassifications started during the audit period were abandoned at least partly because the reclassification process was too cumbersome and time consuming. As a result of reclassifications not being approved as often or being abandoned altogether, other agencies are potentially left without the classifications necessary to accommodate business operations.

Recommendation. CEO-HR staff should proactively assist agencies during the reclassification process to help ensure that reclassifications are pursued efficiently and resolved timely. CEO management should review and refine the process to reduce unnecessary complexity and improve accessibility for all agencies.

Management Action. CEO management stated: "We note there is no finding of violation of policy or procedure. Staff will conduct a comprehensive review of our processes to ensure that they meet the needs of our customers provided sufficient resources are available. While complexity on each case varies, we are open to improving and streamlining processes where possible."

1.05 Flexible Merit Increases Above 5%

Significantly more CEO employees were eligible for and received flexible merit increases above 5% (flex merit) than employees in the other County agencies we reviewed. At designated intervals, County employees may receive performance-based merit increases in pay. While the maximum merit increase for most County employees is 5%, certain employees covered by the Management, Confidential Clerical, and Other Unrepresented Employees Resolution (Management Resolution) may receive flexible merit increases of up to 10%. For the audited period, we found that:

- Classifications: Of the 45 combined average classifications eligible for a flex merit across the selected agencies, CEO was allocated an average of 24 (53%), a rate far exceeding the other four agencies reviewed.

Exhibit 2. Classifications Eligible for Flex Merit

Agency	Number	Percent of Total
County Executive Office	24	53%
Public Works Agency	8	18%
General Services Agency	5	11%
Information Technology Services	5	11%
Auditor-Controller's Office	3	7%
Total	45	100%

- Positions: Of the 58 flex merits that were authorized for individual positions across the selected agencies, 57 (98%) were for CEO staff. Three (3) CEO employees received the highest possible flexible merit increase of 10%, and 13 received multiple flex merits during the approximately 4-year period we audited.

In FY 2021-22, all full-time CEO authorized positions were covered by the Management Resolution, which accounted for the disproportionately high number of classifications eligible for flex merits. However, CEO management also utilized flex merits at a significantly higher rate than other agencies, which raises concerns about the risk of preferential treatment for CEO employees. This disparity may also indicate the need for CEO-HR to better communicate the process for requesting flex merits to agency management.

Recommendation. CEO management should prepare and distribute clear guidelines for how agency management can request flexible merit increases for eligible employees. These guidelines should establish clear criteria for determining whether an eligible employee should receive a flex merit and any required documentation necessary to support the request. CEO-HR should establish policies to ensure that all agencies are held to the same standard when requesting and authorizing flex merits.

Management Action. CEO management stated: "We note there is no finding of violation of policies or procedures. Certain employees covered by the Management Resolution are eligible to receive a flexible merit increase above five percent (5%). Article 3, Section 319-A (Flexible Merit Increases for Certain Employees) of the Management Resolution states:

> 'A merit increase for these designated employees may be any amount up to approximately ten percent (10%) . . . and require the written approval of the appointing authority up to eight percent (8%). Increases of eight percent (8%) or more . . . must have the additional approval [of the CEO or HR Director].'

"Flexible Merit increases up to eight percent (8%) are at the discretion of the respective department/agency head and do not require CEO or HR approval.

"Further, the statistic that CEO management utilized flexible merit increases at a higher rate than other agencies as the basis to suggest the potential for 'preferential treatment' for CEO employees is unwarranted. This is an example of how the sampling methodology was flawed. When adjusting for the number of positions eligible for a flexible merit increase, various agencies such as County Counsel, Department of Airports, and Ventura County Library process higher flexible merit increases than the County Executive Office. This information was shared, yet it was disregarded.

"Staff will conduct a review of the Management Resolution to enhance the criteria and delineate guidelines for requesting flexible merit increases above the eight percent (8%) discretionary limitation."

Auditor's Comment. We did not disregard any relevant information that was provided to us during the audit. CEO's statement that other agencies process higher flexible merit increases appears to refer to the flexible merit increase percentage (e.g., a 6% merit increase). Our review of the data found that:

- On a Countywide basis, five employees received the highest possible flexible merit increase of 10% during the audit period, three (60%) of whom were CEO employees.
- Flex merits for CEO staff averaged 6.98%, which exceeded the average flex merit for County Counsel staff of 6.92%.
- Flex merits for Department of Airports and Ventura County Library staff averaged 7.24% and 10.00%, respectively, which exceeded the CEO average of 6.98%. However, the number of CEO flex merits (57) greatly exceeded the number received by Department of Airports (3) and Ventura County Library (1) staff.

Therefore, CEO's assertion that our sampling methodology was flawed is not supported by the data. The conclusions we reached from our audit samples were reflective of the Countywide data we reviewed.

1.06 Flexible Merit Increases for Ineligible CEO Employees

CEO authorized and processed flexible merit increases above 5% for ineligible CEO employees. Due to lack of configuration in the Ventura County Human Resources/Payroll system (VCHRP), flex merits were applied manually by the HR Division, including flex merits for CEO's own employees. We found that four CEO employees received flex merits between 6% and 7.5% during the audit period despite being in job classifications that were not eligible to receive flex merits. The manual processing, lack of independent oversight, and relatively high rate at which CEO employees receive flex merits put the County at risk of financial loss due to inappropriate payments.

Recommendation. CEO management should work to have VCHRP configured to only allow flex merits for eligible classifications. If management determines this configuration is not possible, a secondary review should be implemented during the manual application process to ensure only eligible employees receive flex merits. Additionally, CEO management should evaluate the County's obligation to enter into repayment agreements with the ineligible employees.

Management Action. CEO management stated: "CEO staff will work with the Auditor-Controller's Office, the agency responsible for management of VCHRP, on an update and program design to the VCHRP system configuration that is responsive to this recommendation."

Auditor's Comment. We have noted that CEO has made no commitment to seek repayment from the ineligible employees. Therefore, we continue to encourage CEO to consider whether repayment should occur for the period allowed by the statute of limitations.

1.07 Hiring Above the Midpoint Salary

CEO staff were hired above the midpoint of the salary range at a significantly higher rate than the other County agencies selected for testing. Of the 54 CEO employees hired during the audit period, 25 (46%) were hired above the midpoint salary, which noticeably exceeded the rate in the other four agencies we reviewed, as illustrated in Exhibit 3 below.

Exhibit 3. New Staff Hired Above the Midpoint Salary

Agency	Number of New Hires	Number Hired Above Midpoint	Percent Hired Above Midpoint
County Executive Office	54	25	46%
Auditor-Controller's Office	26	7	27%
Information Technology Services	58	15	26%
General Services Agency	186	19	10%
Public Works Agency	170	16	9%

Section 301(B) of the Management Resolution dated March 8, 2022, stated that an advanced pay/salary appointment may be made when either of the following occurs:

1. Whenever reasonable proof has been presented that no qualified person can be recruited to fill a position at the minimum rate.

2. Whenever reasonable proof has been presented that an applicant has qualifications deserving a starting salary higher than bottom step of the range.

While these criteria address hiring above the bottom step salary, no additional criteria have been established when hiring above the midpoint salary, which can result in a substantial increase in the initial salary. In addition, as the HR Division operates within the CEO, concern exists about the potential for bias in the salary appointments of CEO employees. Inappropriate salary appointments above midpoint may lead to unnecessarily increased payroll costs for the County.

Recommendation. CEO management should establish specific criteria for CEO and all County agencies to apply in hiring above the midpoint salary.

Management Action. CEO management stated: "We note there is no finding of violation of policies or procedures. The statistic that CEO management made appointments above the midpoint at a higher rate than other agencies as the basis to suggest the potential for 'preferential treatment' for CEO employees is conclusory and unwarranted. Staff will conduct a review of the Management Resolution to enhance the criteria and delineate guidelines for requesting salary placements above the midpoint for new hires."

Auditor's Comment. Our expression of risk is based on the potential consequences of the event occurring. While our audit did not search for actual occurrences of preferential treatment, this does not rule out the possibility of incidents in the past or in the future, especially given the volume of CEO staff hired above the midpoint.

1.08 Lack of Delegated Authority

No documentation existed to support that the HR Director was properly delegated the authority to approve position reclassifications or the hiring of employees above the midpoint salary.

- Reclassifications: Personnel Rules and Regulations, Section 908, stated that, with specific exceptions, the County Executive Officer shall determine the classification changes of all positions in the County Civil Service. In practice, however, during our audit period, the HR Director approved reclassifications rather than the County Executive Officer.

- Hiring Above the Midpoint Salary: CEO management asserted that provisions within labor agreements approved by the Board supersede the Personnel Rules and Regulations, which required Board approval to appoint above the midpoint salary at the time of our audit. However, our review of certain labor agreements effective during the audited period expressly required the approval of the County Executive Officer to approve appointments above the midpoint salary. While the HR Director regularly approved the hiring of County employees above the midpoint salary and CEO management asserted that, many years ago, the County Executive Officer delegated this authority to the HR Director, this delegation was not documented in writing.

As the Board adopted the Personnel Rules and Regulations and labor agreements, the Board would be unaware of the changes in practice unless notified by the County Executive Officer.

Recommendation. CEO management should:

- Seek Board approval for either a formal delegation of authority to approve reclassifications to the HR Director or a revision to the Personnel Rules and Regulations to reflect current practices.

- Determine whether delegating authority to the HR Director to appoint employees above the midpoint salary is appropriate within the intent of the Personnel Rules and Regulations and labor agreements. If appropriate, the County Executive Officer should formally document this delegation in writing.

Management Action. CEO management stated: "This finding was recently corrected with the approval of amended Personnel Rules and Regulations by the Board of Supervisors on February 25, 2025."

Auditor's Comment. While we acknowledge that the Personnel Rules and Regulations were revised in February 2025, certain labor agreements continue to state that the County Executive Officer, not the HR Director, may approve hiring above the midpoint salary. We encourage CEO to ensure that the labor agreements are revised for consistency going forward.

2. Classification Management

Improvements were needed in CEO-HR's Countywide position classification management to further promote transparency and consistency in position use and compensation across all agencies. Lack of a Countywide classification plan inhibited our ability to compare classifications and highlighted the potential for disparate treatment of classifications. However, we did note that CEO employees often receive higher pay due to a blanket classification as management or confidential clerical, despite limited justification. Additionally, the absence of documented rationale for key inputs used in market-based adjustment (MBA) analyses increases risks of manipulation. We also found that unclear role definitions, such as for the CEO Deputy Executive Officer series, further emphasize the need for a more thoughtful plan for managing classifications Countywide.

2.01 Lack of a Countywide Classification Plan

CEO-HR does not maintain a comprehensive Countywide position classification plan for all position classifications across County agencies. While CEO-HR does develop the Job Code and Salary Listing, this document is an alphabetical listing of the more than 1,000 County classifications, indicating job codes, salary ranges, union codes, at-will status, and Fair Labor Standards Act status. The Job Code and Salary Listing does not organize positions according to common characteristics, such as duties, responsibilities, and qualifications. The absence of a structured classification framework prevented us from conducting meaningful comparisons of job function and compensation levels across agencies. Throughout our audit, we found significant variations in job titles, descriptions, and compensation across agencies; however, we were not provided with any written standardized criteria for determining job levels or salary ranges when establishing new classifications or reorganizing positions. Developing an effective Countywide classification plan would help ensure fair and equitable job categorization and compensation and promote transparency in classification levels.

Recommendation. CEO-HR management should prioritize the development and implementation of a comprehensive position classification plan that includes the following:

- A job classification system categorizing roles based on similar levels of complexity, responsibility, and skills.

- Salary ranges aligned with each classification level to ensure fair and consistent compensation practices. Justifications for deviations from established salary ranges by any agency should be documented for transparency.

Management Response. CEO management stated: "Disagree. The proposed recommendations reflect a lack of subject matter expertise. By way of background, a Classification Plan is broadly defined within the technical report titled *Position Classification in the Public Service a Report Submitted to the Civil Service Assembly of the United States and Canada by the Committee on Position-Classification and Pay Plans in the Public Service*. In this report, the definition of a classification plan consists of: (1) the system of classes and class specifications; and (2) a code of formal fundamental rules for the installation and maintenance of the classification plan for the interpretation, amendment, and alteration of the classes and class specifications, to keep pace with changes in the service and in the positions therein (p. 47). Our classification structure adheres to this definition by having a series of class specifications and corresponding rules for the installation and maintenance of classifications (specifically our Personnel Rules and Regulations and Classification and Compensation Guidelines). Therefore, we already have a classification plan.

"Further, our office is audited every five to 10 years by the State of California to ensure that we comply with Merit Principle 2 (Classification & Compensation) of the Local Agency Personnel Standards. The last audit by the State of California was conducted by Cooperative Personnel Services (CPS-HR), a highly qualified public sector HR firm in existence for forty (40) years which reports to a Board of seven public sector HR executives. Their audit found that our office was in full compliance with Merit Principle 2 during the last audit completed on May 3, 2018.

"It appears that this recommendation is for us to re-engineer our classification plan to include updated guidelines, job families, and potentially a point-factor evaluation system. While these recommendations could be implemented, they would require significant and substantial resources. The presumption that a comprehensive 'classification plan' should be maintained, emphasizing continuity across all County agencies, exemplifies the limited understanding of the County's position needs or its current position allocation structure. Of 10,559.17 budgeted FTE positions, 8,841.23 of them only exist in three departments or less. This means that 84 percent of our positions are fundamentally unique to their departments and functionally are not designed to provide services in a manner of comparability across all County agencies/departments."

Auditor's Comment. We have noted that CEO does not intend to implement corrective action in response to this finding.

CEO-HR's 2022 Classification and Compensation Guidelines define the Classification Plan/System as (emphasis added by auditor): "A series of documents that generically define levels of related classifications, forms a basis on which to classify future positions, and *maps out their relationships to one another*. The Classification Plan/System is developed considering classification series and families. When all of these series are grouped together, they form the comprehensive listing of all County classifications. Relationships of classifications are considered across families and considering minimum requirements when setting internal relationships and compensation. *The Classification Plan/System assists in determining classifications and their levels within the County-wide system.* Documents include, the Job Code and Salary Listing, Classification Specifications and the Personnel Rules and Regulations." While the documents listed above are elements of a classification plan, the documents collectively do not meet the definition of a classification plan according to CEO-HR's own guidelines and do not cohesively present the information described in the definition.

CEO-HR could take incremental steps to improve transparency and accountability for position classifications, which would not require significant resources at one time. For example, an initial step could be to supplement the Job Code and Salary Listing with a list of positions by job family, which may help provide transparency, clarity on job progression, etc. We noted that CEO-HR's Classification and Compensation Guidelines included a list of 12 job family titles and descriptions; however, no publicly accessible document linked the job families to existing job codes/titles. Therefore, we encourage CEO to explore this undertaking.

2.02 Use of Management and Confidential Clerical Classifications

All CEO staff were classified as management, confidential clerical, or otherwise unrepresented (i.e., nonunion), regardless of actual job duties, resulting in CEO staff receiving higher salaries than represented counterparts with similar roles or responsibilities. According to the maximum salaries reported in the FY 2021-22 budget, we found that, for example:

- Confidential clerical employees earned up to 24% more than comparable positions in other County agencies. The Personnel Rules and Regulations define a confidential employee as "an employee who has access to confidential information in employee relations matters." This definition does not clearly justify the pay disparity in favor of positions designated as confidential clerical.

- Accountant classifications used only by CEO designated as "MB" (i.e., management benefits) earned up to 8% more than comparable positions in other County agencies with no apparent justification.

CEO management stated: "This is a long-standing personnel structure that predates many, if not all, of the County Executive Office leadership team.…The personnel structure of the CEO must be at a level needed to fulfill the sensitive and confidential work of the CEO." CEO management also asserted this structure results from the County Executive Officer's legal and fiduciary obligation to negotiate fair collective bargaining agreements and therefore hire employees who are impartial to the outcome of negotiations. However, this justification appears to only extend to employees directly representing the County's bargaining position. This blanket classification approach overlooks actual job responsibilities related to confidentiality, whether associated with labor negotiations or other legal requirements, potentially leading to inequitable compensation, unnecessarily increasing payroll expenses, and impacting morale among employees in other agencies.

Recommendation. CEO-HR management should evaluate whether any CEO positions are classified as management or confidential clerical due to the physical proximity to Labor Relations. If so, CEO-HR management should remove Labor Relations physically from CEO and determine whether the CEO positions should be reclassified accordingly.

Management Response. CEO management stated: "This recommendation is flawed as is the analysis and conclusion that serve as the basis for the recommendation.

"In effect, the County operates under an executive governance model in which the CEO is responsible for the overall direction and strategy of implementing the Board's policy directions.

As explained in Section 1.01 above, the powers and duties vested in the CEO are set by the Board. Pursuant to Ordinance No. 4610, the CEO is the administrative officer of the Board and exercises administrative supervision and control of the affairs of the County, including financial and budget, personnel, and other general administrative functions. The CEO is responsible and accountable to the Board for the proper and efficient administration of all governmental affairs that are legally placed in their charge or under their control. The CEO supervises and directs the enforcement and execution of orders and directives of the Board.

"The Auditor observed that, 'All CEO staff were classified as management, confidential clerical, or otherwise unrepresented (i.e., nonunion)' positions and concluded this '[resulted] in CEO staff receiving higher salaries than represented counterparts with similar roles or responsibilities.'

"The implication is that the use of non-unionized job classifications was exclusive to the CEO. That was not correct for the period under review nor is that the case in practice overall including the present. All 26 County agencies/departments use non-unionized job classifications in varying degrees.

"A review of the County employee roster for March 2022 revealed that there were 9,337 County employees. A total of 1,194 were employed within 276 different non-unionized job classifications. Of the 1,194 non-unionized employees, 179 (or 14.6%) were employed within the County Executive Office. The remaining 1,047 (or 85.4%) non-union employees were within one of the 25 other County agencies/departments, including the Auditor-Controller's Office, Public Works Agency, General Services Agency, or Information Technology Services Department.

"The table below lists the five County agencies/departments with the highest composition of non-union employees.

Distribution of Employee by Union Type
As of March 2022

Agency/Department	Non-union	Union	Total	% Non-union
Board of Supervisors	23	0	23	100.00%
County Counsel	37	0	37	100.00%
County Executive Office	179	3	182	98.35%
Auditor-Controller	31	37	68	45.59%
Information Services	36	113	149	24.16%

"Of all CEO employees, over 70% (126 of the 179) are with the HR Division. Most of the HR positions have active roles in confidential human resources activities such as conducting background checks, drug testing, disciplinary matters, or labor negotiations.

CEO Division	Count	% of Total
CEO Administration	42	23.5%
CEO Budget and Finance	11	6.1%
CEO Human Resources	126	70.4%
Total Employees	**179**	

"Of the remaining 53 CEO employees in the Budget & Finance or Administration Division, many have active roles in preparing, advising, and making recommendations to the CEO on matters for the consideration of the Board, and in preparation for recommendations to the Board on such matters brought before it, as are within CEO authority.

"Given that the CEO is responsible for the overall direction and strategy of the County, it is reasonable that most, if not all, of the CEO staff are classified as management, confidential clerical, or otherwise unrepresented.

"Lastly, as set forth in Ordinance No. 4610, the CEO serves as the County's chief labor negotiator and conducts and engages all meet and confers and consultations with recognized employee organizations. As with Section 1.01 of this Audit Report, we were unable to identify a California-based county organizational model in which Labor Relations has a direct reporting relationship to the Board, nor was the Auditor-Controller able to produce such a model for our consideration."

Auditor's Comment. We have noted that CEO does not intend to implement corrective action in response to this finding. To clarify, we are not questioning CEO's use of classifications that are necessary to carry out its responsibilities. Rather, the only criteria provided during our audit for classifying certain positions as management or confidential clerical was due to the physical presence of Labor Relations in the CEO office location. Therefore, we encourage CEO management to consider taking action on this issue.

To clarify, we did not recommend that Labor Relations specifically should have a direct reporting relationship to the Board, and our audit was not designed to identify other county organizational models for CEO's consideration.

2.03 Lack of Documented Rationale for MBA Components

CEO-HR did not retain documentation of the reasons for selecting and analyzing certain key inputs used in the market-based adjustment (MBA) process. On a periodic basis, CEO-HR conducts a public sector survey and analysis of the comparable market standing of County classifications in total compensation. If classifications are found to be below market, CEO-HR makes recommendations to the Board for salary adjustments known as MBAs. We found that no documented rationale existed for the following components of the MBA process:

- Selection of benchmark classifications. A benchmark classification was defined as follows: "A journey-level job classification is selected from a classification cluster to serve as the 'benchmark' for that cluster. The benchmark classification is measured against comparable job classifications at other government agencies within a designated job market." CEO management stated that benchmark classifications are generally carried over in each MBA cycle and are not reevaluated unless specifically requested. Management also indicated that benchmark classifications were likely initially chosen based on the ease of matching across comparable jurisdictions; however, no formal reasoning was documented and retained.

- Determination of comparable classifications in other government agencies. During the 2019 MBA, the benchmark classification of Chief Deputy Executive Officer (Chief DEO), which was the Assistant HR Director during the audit period, was primarily evaluated against the HR Director classification in comparator jurisdictions. As a result, this comparison aligned the benchmark with a higher classification in comparator jurisdictions and may have overstated the resulting salary adjustment for Chief DEO and all other 25 classifications in the cluster.

- Basis of clustered classifications. A classification cluster was defined as follows: "County job classifications (i.e., job titles) are combined into groups of similar jobs based on type of work, job qualifications, and union representation." The compensation analysis is conducted on the benchmark classification, and if found to be below market median, the rest of the classifications in the cluster are adjusted accordingly. CEO management stated that clusters are reviewed and discussed informally by CEO-HR staff during the MBA process. During our evaluation of the clusters used in the 2019 MBA, we noted that the cluster tied to the Chief DEO benchmark included 25 classifications, the most of any benchmarked classification. However, we could not identify a clear pattern of characteristics linking the Chief DEO clustered positions together.

Furthermore, we noted that the cluster system may result in salary adjustments for some classifications already above market median solely because the benchmarked classification was not. This methodology presents a potential risk of manipulation, as clusters could be configured to favor specific positions, leading to adjustments that do not align with actual market conditions.

Recommendation. CEO-HR management should develop and maintain documented rationale for selecting benchmark classifications, including identifying and justifying comparable classifications across jurisdictions. CEO-HR management should also require a clear, documented rationale for grouping classifications into clusters, with an emphasis on identifying common characteristics or responsibilities. The clusters should generally align with the Countywide classification plan recommended above in Finding 2.01.

Management Response. CEO management stated: "Disagree. There appears to be a fundamental misunderstanding by the Auditor-Controller of the purpose of total compensation studies. The discussion and recommendation of this finding suggests a prescriptive approach to conducting total compensation studies that result in a wage adjustment driven solely by the process and eliminating any other factors. That is, a prescriptive methodology that eliminates discretion, or as the report plainly states, 'risk of manipulation . . . to favor specific positions.'

"Total compensation studies are a tool that inform the decision-making process on wage adjustments. The results of total compensation studies represent one of several data points employed in the decision-making process for wage adjustments. Other relevant data points that inform the decision-making process include vacancy rates, retention rates, internal equity, funding, regional unemployment rates, labor market competitiveness, and inflation rates. Further, of the approximately 1,142 job titles used by the County, some 786 are represented by one of the 11 County labor unions which have the statutory right to 'meet and confer' over wages for the job titles they represent. The County must negotiate with the various unions over wage increases, including the methodology of total compensation studies. For these reasons, CEO-HR utilizes an approach to total compensation studies based on a consistent set of principles and market data points balanced against other relevant information, and that permits responsiveness to the County's meet and confer obligation with the unions.

"It should be noted that the Auditor-Controller's Office reviews proposed market-based adjustments before submission to the Board as part of our internal review process and as indicated in each respective MBA Board Letter."

Auditor's Comment. We have noted that CEO does not intend to implement corrective action in response to this finding. We understand the purpose of total compensation studies and that several data points should be considered in the evaluation of wage adjustments. However, that does not preclude documenting the rationale for MBA benchmark classifications, comparable classifications, and clusters, which would help support objectivity and transparency in the process. Therefore, we encourage CEO to consider taking action on this issue.

To clarify, the Auditor-Controller's Office reviews Board letters for fiscal impact, ability to pay obligations, accuracy of payroll terms, etc. Our Board letter reviews do not opine on the administration of County affairs.

2.04 Classification Specifications for the Deputy Executive Office Series

The published use and distinguishing characteristics for CEO's Deputy Executive Officer (DEO) and Senior DEO classifications were not always clear. The FY 2021-22 CEO budget reported seven (7) DEO authorized positions and seven (7) Senior DEO positions, with several CEO work units allocated both a DEO and a Senior DEO. These are among the highest base salary positions in the County, with the FY 2021-22 maximum base salary for DEO and Senior DEO set within the top 10% of all classifications Countywide. In reviewing the DEO series, we found that:

- The broad utilization of the positions within the series complicates efforts to identify comparable positions for market analysis. CEO management asserted that the various Executive Officer classifications are utilized based on the scope of duties, the number of direct reports, and the complexity of the work. However, neither the Board letter establishing the Senior DEO classification dated November 4, 2014, nor management provided further definition of what constitutes significant job scope and complexity.

- As discussed above in Finding 2.01, the lack of a comprehensive classification plan resulted in challenges in understanding the specific use and scope of work for each position. As a result, we could not gather sufficient information to conclude that the various levels and salary ranges within the Executive Officer series were justified.

- The number of DEO and Senior DEO positions results in a higher number of at-will (i.e., exempt from civil service) CEO positions, which are not subject to the same personnel processes and controls as nonexempt employees. We found that personnel changes, such as reclassifications and raises, for CEO employees in at-will positions lacked the supporting documentation and business justification required for nonexempt employees.

Addressing these gaps will enhance the County's classification and compensation practices, promoting clarity and fairness in personnel management.

Recommendation. CEO management should revise the classification specifications for the Executive Officer series to clearly define and differentiate each classification in the series, including the scope and distinguishing characteristics. CEO management should also include sufficient detail in the classification plan to distinctly define criteria for the use of each level of the Executive Officer series. CEO management should clarify in writing what constitutes adequate documentation for position reclassifications and salary increases for at-will positions.

Management Action. CEO management stated:

"A. Auditor-Controller Recommendation: 'CEO management should revise the classification specifications for the Executive Officer series to clearly define and differentiate each classification in the series, including the scope and distinguishing characteristics.'

"a. Response: We support amending the class specifications as they have not been amended in some time. This will include revisions to the distinguishing characteristics section of each.

"B. Auditor-Controller Recommendation: 'CEO management should also include sufficient detail in the classification plan to distinctly define criteria for the use of each level of the Executive Officer series.'

"a. Response: By way of background, there are two types of classifications utilized within the Classification Plan of the County of Ventura which are termed narrowly defined classifications and broadly defined classifications. Narrowly defined classifications are beneficial in that they allow for a more exact fit of employee responsibilities to a position and allow for an expedited selection process. Yet, the disadvantage of narrowly defined classifications is that they limit management flexibility, require more work to maintain the classification structure, and may evoke more requests for position classification studies. Broad classifications are beneficial in that they afford greater flexibility to management, compensation is more easily managed, there is more protection for employees during a Reduction in Force (RIF), they afford more opportunities for employees in the form of promotion and transfer, and they require less maintenance of the classification structure. The disadvantage of broad classifications is that there is a less exact fit of an employee to a position, unique work is not expressly stated in the class specifications, RIFs may result in less qualified staff replacing more qualified staff, and more work would be required during a selection process to identify the best qualified candidates. With that context provided, the classifications of Senior Deputy Executive Officer and Deputy Executive Officer are broad in nature, and this is intentional for all the benefits stated above. It should be noted that other agencies enjoy this flexibility, including the Auditor-Controller's Office with four positions sharing the classification of Deputy Director Auditor-Controller and eight positions sharing the classification of Manager, Accounting-Auditor-Controller. We disagree with the need to make the classification structure narrower. If we did, we would apply it uniformly to all agencies/departments which would likely be unfavorably received.

"C. Auditor-Controller Recommendation: 'CEO management should clarify in writing what constitutes adequate documentation for position reclassifications and salary increases for at-will positions.'

"a. Response: The salary progressions for at-will employees are set forth within the Management Resolution. We support improving our documentation provided resources are identified."

Auditor's Comment. We acknowledge CEO's commitment to amend the Executive Officer classification specifications and improve support for at-will position reclassifications and salary increases. To clarify, we are not recommending narrowly defined Executive Officer classifications. Rather, we are recommending transparency in identifying the circumstances justifying the use of each Executive Officer level. Therefore, we continue to encourage CEO to consider taking action on this issue.

Auditor's Evaluation of Management Action

Except substantially for Findings 1.01, 1.02, 2.01, 2.02, and 2.03, we believe that management actions taken or planned were responsive to the audit findings. CEO management stated: "A concerted effort of various CEO staff will need to be coalesced to develop a comprehensive corrective action plan for the recommendations to which the CEO indicated action would be taken. The required staff resources to develop a corrective action plan will need to be balanced against staffing of fiscal year-end activities, upcoming labor negotiations, and other ongoing mission-critical projects. Therefore, CEO staff will endeavor to implement correction action by December 31, 2026." CEO management also provided a separate written response to the audit, which is attached to this report.

COUNTY of VENTURA
County Executive Office

SEVET JOHNSON, PsyD
County Executive Officer

MEMORANDA

April 4, 2025

To: Jeffery S. Burgh, Auditor-Controller

From: Sevet Johnson, PsyD, County Executive Officer

Subject: Response to Audit of HR Practices Applied to County Executive Office Positions

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County Executive Office (CEO) General Objections

CEO Management objects to the "Audit of HR Practices Applied to County Executive Office Positions" (Audit Report) that was recently completed by the Internal Audit Division of the Auditor-Controller's Office. The following general objections shall apply to the Audit Report in its entirety, including the findings and recommendations, and shall be incorporated within each and every CEO Management response included in the Audit Report.

First, the Auditor-Controller does not possess the subject matter expertise to perform the audit on employment practices and raises concerns about maintaining impartiality. In June 2022, the Auditor-Controller selected FordHarrison LLP for the Phase II audit engagement largely because the firm specializes in labor and employment law. The Auditor-Controller terminated the FordHarrison contract in April 2024 mid-engagement and after 18 months of fieldwork. No rationale or justification for the change was provided to CEO-HR staff who were working directly with FordHarrison. The Phase II audit was transitioned to the Internal Audit Division of the Auditor-Controller's Office. This change prompts questions about why FordHarrison was not retained for continuity and impartiality, and what specific qualifications Internal Audit staff possess that surpass those of FordHarrison.

Second, we object to the "judgmental sampling" methodology employed by Auditor-Controller's staff to identify the agencies to be included in the Phase II audit. This decision also raises grave concerns about maintaining impartiality or, at minimum, the appropriateness of the selected agencies for comparative purposes. Three of the four agencies selected for the review of the CEO practices are some of the least comparable agencies available. The Public Works Agency, General Services Agency, and Information Technology Services Department are Proprietary-Internal Service Funds agencies, while the County Executive Office is a General Fund entity. Pursuant to a County Counsel legal opinion, such Proprietary Fund agencies can add and delete positions via administrative approval, without requiring Board approval. The process availability could lead to a lower volume of reclassification activity that was reviewed, for example. Yet, this nuance was not discussed nor addressed, thus potentially resulting in skewed audit findings. Furthermore, the decision to include the Auditor-Controller's Office as a comparative agency brings into question the ability of the Auditor-Controller to provide an impartial analysis and audit finding. It is plausible that the findings could have been invalidated had other agencies been selected using a more objective sampling methodology. For example, the two agencies with high reclassification activity, the Sheriff's Office and the Human Services Agency, were not included in the review. Lastly, the Audit Report states that specific agencies were selected because at one point in time, leadership of the agencies selected were dissatisfied with the classification and compensation function within the CEO. This is neither appropriate nor an objective way to create a sample for auditing purposes. In conclusion, the methodology of "judgmentally selected" data as stated by the Auditor-Controller in the Scope section of their report introduced selection bias, fundamentally compromising the veracity of the conclusions in the report.

Third, the choice of language in the Audit Report appears to be intentionally inflammatory and meant to provoke a strong negative reaction from the reader. Conclusory statements abound and several adverse findings are without merit. For example, the Executive Summary states that Human Resources, as a division of the County Executive Office, creates, "the opportunity for bias in favor of CEO employees," in application of employment practices. The suggestion of an improper arrangement is developed further in Section 1.01 which states the current organizational structure presents a "potential for abuse, resulting in personnel actions for CEO employees that may be partial and preferential in the absence of independent review." Let it be clear, there is no evidence whatsoever in the Audit Report to support the preferential treatment of CEO employees much less the actual abuse of the personnel system for the benefit of the CEO. The decision to use such phrases within an Audit Report of a governmental entity without such evidence is careless and potentially defamatory. In another example, the Audit Report cites CEO positions as being reclassified (Finding 1.02), granted flexible merit increases (Finding 1.05), and hired above the mid-point (Finding 1.07), at a higher rate than other agencies as indications of "preferential treatment" and "bias." Yet, there is no finding of a violation of personnel rules, regulations, or employment policies.

Notwithstanding the foregoing objections, the County Executive Office submits its responses to the Audit Report. We acknowledge that there are always opportunities for improvement of guidelines, procedures, and documentation of certain actions. Therefore, CEO-HR will endeavor to implement improvements where the findings clearly support such a change. Our responses to the audit recommendations are included in the Audit Report.