



Follow-Up Audit of Eligibility for Certification Payments to Health Care Agency Employees

Report Date: May 19, 2025

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

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Theresa Cho, MD, Director, Health Care Agency

Date: May 19, 2025

From: Jeffery S. Burgh

Subject: FOLLOW-UP AUDIT OF ELIGIBILITY FOR CERTIFICATION PAYMENTS TO HEALTH CARE AGENCY EMPLOYEES

We have completed our follow-up audit of eligibility for certification payments (Certification Pay) to Health Care Agency (HCA) employees. Our overall audit objective was to determine whether adequate corrective action was implemented to address the issues identified in our audit report dated November 6, 2023.

Executive Summary

Overall, we found that management made significant progress in improving oversight of Certification Pay eligibility and fully implemented corrective action for two (67%) of the three prior findings. For example, management improved monitoring practices for certification expiration dates and pursued corrective action to address the exceptions identified during the prior audit.

However, additional corrective action was needed to address the remaining finding, which we determined was partially implemented. We also identified one new finding. Specifically, improvements were needed to:

- Better describe certification eligibility criteria in the applicable Memoranda of Agreement.
- Align written procedures with actual practices for determining when Certification Pay would be revoked.

HCA and HCA Human Resources management initiated corrective action to address our current findings. Corrective action is planned to be completed by April 24, 2028.

We appreciate the cooperation and assistance extended by you and your staff during this follow-up 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
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. Certification Pay will be revoked if a certification or license is expired or no longer eligible. During the first quarter of Fiscal Year 2024-25, the County paid approximately \$1.2 million in Certification Pay to 876 HCA employees.

On November 6, 2023, we issued an audit report containing three recommendations to improve the oversight of HCA Certification Pay. In March 2024, we were informed that corrective action was completed in response to the recommendations contained in our audit report.

Scope

Our overall audit objective was to determine whether adequate corrective action was implemented to address the three issues identified during our previous audit completed on November 6, 2023. Specifically, with emphasis on activity occurring during the first quarter of Fiscal Year 2024-25, we determined whether:

- increased oversight practices were implemented for both healthcare and non-healthcare certifications and licenses; and
- appropriate corrective action was implemented to address the exceptions identified during the prior audit.

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

Findings

Overall, we found that management fully implemented corrective action for two (67%) of the three prior findings and partially implemented corrective action for one (33%) finding. For example:

- Improved monitoring procedures were developed and implemented to ensure that only employees with current and appropriate documentation on file receive Certification Pay.
- A repayment agreement was initiated for the recoverable portion of Certification Pay paid to an ineligible employee.
- Appropriate action was pursued to address the expired certifications identified during the prior audit.

However, further corrective action was needed to align the newly implemented Certification Pay monitoring policy with actual HCA practices. We also identified one new finding related to certification eligibility as described in the relevant MOAs.

Following are details of the areas where improvements were needed, presented in order of significance based on information we received at the time of our audit. The Appendix summarizes the status of corrective actions taken since our prior audit. Management initiated corrective action in response to the current audit as noted.

1. Certification Eligibility Criteria

Follow-Up Status: New recommendation.

Certifications eligible for Certification Pay as defined in the MOAs did not always align with actual HCA eligibility practices. According to Section 805 of the California Nurses Association (CNA) MOA and Section 808 of the CNA Per Diem Unit MOA, a covered employee “who acquires and maintains certification(s) issued by a national or state recognized organization is eligible for certification pay...” Based on this language, Certification Pay appears to only apply to employees with a certification in a particular specialty, which typically involves passing a standardized exam, requires periodic renewal, etc. However, HCA also approved Certification Pay for certificates of completion for skills-based or specialized educational courses, which typically involves completing a course by a training provider. In discussions with HCA and HCA Human Resources (HR) management, the intent of the Certification Pay provision is to incentivize HCA staff to continue developing and refreshing relevant skills and specialties. Therefore, updating the MOAs to reflect the intent and actual HCA practice will help prevent confusion or potential disagreement regarding Certification Pay eligibility.

Recommendation. HCA and HCA HR management should work with Labor Relations to update applicable MOAs to reflect current eligibility practices. Management should consider including a disclaimer in applicable MOAs that the County reserves the right to define “certification” for eligibility purposes.

Management Action. HCA and HCA HR management stated: “We believe the existing language in the applicable MOAs sufficiently supports Operations in determining certification pay eligibility. However, we will work with Labor during the next round of negotiations in 2028 to explore opportunities to further clarify the language as needed.”

2. Written Procedures for Revoking Certification Pay

Follow-Up Status: Partially implemented.

Written procedures did not always agree with HCA’s practices for revoking Certification Pay. In practice, due to the timing of payroll reports, employees are given a grace period of one pay period after the pay period in which the certification expires to resolve expired certifications. Any changes to Certification Pay go into effect in the pay period following the grace period. However, according to HCA HR’s Standard Operating Procedure (SOP) Number 1, *Certification Pay Rules and Process Determining Expiration Dates*: “Applicable reports are run bi-weekly to identify any expired certifications....HCA HR will stop payment of any expired certification(s) immediately....” Therefore, Certification Pay should be revoked as soon as a certification is determined to be expired upon reviewing the bi-weekly reports. However, in our review of eight employees with expired certifications, all eight (100%) received the additional pay period of payment before Certification Pay was revoked.

Recommendation. HCA and HCA HR management should update the written procedures for determining when Certification Pay will be revoked to align with current practices.

Management Action. HCA and HCA HR management stated: “The use of the word ‘immediately’ in the written documentation was a misalignment that occurred during the SOP drafting process. To align the SOP with practice and in prompt response to ACO’s feedback, the SOP has been revised to accurately reflect our current longstanding practice. This recommendation has been completed.”

Auditor’s Evaluation of Management Action

We believe that management actions taken or planned were responsive to the audit findings. HCA and HCA HR management planned to complete corrective action by April 24, 2028.

Appendix

Corrective Action Implementation Status

The table below summarizes the status of corrective actions taken since our prior audit.

Prior Audit Finding			Status of Corrective Action
No.	Topic	Condition	
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.	Partially implemented. See current Finding 2.
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.	Implemented.
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.	Implemented.