



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: September 13, 2016
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Theodore A. Fallati, CPA, Auditor-Controller, 568-2100
Director(s)
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

SUBJECT: Audit Report on Negotiated Employee Salary Increases

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:
Receive and file the Auditor-Controller's Audit Report on Negotiated Employee Salary Increases (the Audit Report).

Summary Text:

The Audit Report is submitted pursuant to California Government Code 26883 which requires that the Auditor-Controller's audit reports be filed with the Board of Supervisors. The purpose of our audit was to evaluate the County's process for granting merit increases retroactively to employees represented by the Service Employees Internal Union, Local 620 (Local 620). The results of our audit indicate that granting merit increases retroactively is susceptible to errors, omissions, and inconsistent execution. There also are opportunities to increase operational efficiencies.

Background:

Local 620 is the County's largest recognized employee organization. In February 2014, the County finalized a memorandum of understanding (MOU) with Local 620 that removed a freeze on merit increases retroactive to October 2013. Our audit revealed that:

1. The County should avoid negotiating pay increases that become effective retroactively.
2. Certain employees not clearly identified for retroactive merit increases under the MOU received a retroactive merit increase due to MOU interpretations that were not formally documented.

3. Human Resources (HR) and Auditor-Controller Payroll (A/C Payroll) should develop a formal procedure for accurately identifying employees affected by MOU changes and determining that changes have been properly executed.
4. A/C Payroll should develop guidance to departments when an MOU change that requires payroll adjustments occurs, establish a timeline for receiving payroll adjustments from departments, and perform an assessment to determine if all employees identified actually received a merit increase.
5. A/C Payroll should address weaknesses identified in their process for reviewing and processing onetime payments to employees.
6. HR should evaluate the cost-benefit of implementing an automated EPR tracking system. A/C Payroll should determine other opportunities to reduce the need for onetime payroll adjustments.

Attachments:

Negotiated Employee Salary Increases Audit Report

Authored by: Heather Fletcher, Audit Manager

CC:

Lori Gentles, Director of Human Resources
Mona Miyasato, County Executive Officer