



STAFF REPORT

TOWN COUNCIL MEETING OF AUGUST 11, 2015

To: Town Council

From: Town Manager

Subject: Response to Grand Jury Report on Investigation of County and City Operations Policies

Date: July 20, 2015

RECOMMENDATION:

Receive and file.

Issue Statement and Discussion

In December, 2014, Leon Tuttle, a member of the Placer County Grand Jury requested copies of specific policies of the Town of Loomis. In May, 2015, he visited with the Town's Finance Director asking questions regarding those policies. As can be seen by the attached report, this was a County wide audit, and the Town was in no way being singled out.

On June 26, 2015, the Grand Jury published its report. The Town, as seen on page 9 of the report, was found to be deficient in eight of the eleven County wide issues. While some of the issues may seem trivial, the Town staff takes these comments seriously and has written a response, and is implementing them as soon as practicable.

CEQA:

There are no CEQA issues.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no direct financial implications to this report. As seen in the response, some new policies will be adopted and others updated. They will be adopted under a separate agenda item.

Attachments:

Grand Jury report

Town management response



PLACER COUNTY GRAND JURY

Investigation of County and City Operational Policies

June 26, 2015

Investigation of County and City Operational Policies

Summary

The 2014-2015 Grand Jury (Grand Jury) reviewed the operational policies of the incorporated city governments and Placer County. These included Auburn, Colfax, Lincoln, Loomis, Rocklin, and Roseville. The Grand Jury met with county and local government financial managers to understand their various individual local policies, their implementation, and their review procedures and control elements. Our intent was to determine if the policies for travel, use of government and private vehicles for official business, use of government credit cards, computers, and phones, contracting, bidding and purchasing were appropriate, up-to-date and complete.

The Grand Jury sought to determine how such policies are updated to address changes over time and as technology evolves. The Grand Jury also wanted to verify that the policies for travel and the use of technology applied to elected officials as well as government employees. The Grand Jury noted minor improvements were needed in documenting policies, their timeliness and maintaining an inventory of policies. Keeping policies in line with technology changes represents a continuing challenge.

Included in this report are several recommendations that the Grand Jury considers to be representative of *best practices* including:

- Schedule regular specific reviews of policies to assure they are current.
- Have employees verify they understand rules and policies on a recurring basis.
- Include a policy and form for whistleblower use.
- Consider cyber-security insurance.
- Clarify policies to include all aspects of technology.

Glossary

Operating Policies Principles, rules, and guidelines formulated or adopted by an organization to communicate how the organization conducts its operations.

Best practices Best practice is a form of program evaluation in public policy. It is the process of reviewing policy alternatives that have been effective in addressing similar issues in the past and could be applied to a current problem.

Background

Responsibilities of local government employees and elected officials cover a broad range of challenges. Administration of travel costs and the use of credit cards requires strict management controls. In order to satisfy a wide variety of needs, a transparent system of contract requirements, bidding, and awarding to various vendors is necessary. It is a continuing challenge to operate efficiently using an ever-expanding variety of technology tools (smart phones vs. mobile phones, laptops vs. tablets). Policies are necessary to set the rules for such activities and to assure inter-disciplinary coordination on the acquisition, use and management of new technology.

Investigation Methods

The Grand Jury attempted to review operational policies on-line using public web sites. When the Grand Jury was unable to locate the policies on-line, it was determined that further investigation of these policies was appropriate.

Under the Public Records Act, the Grand Jury requested the operational policies addressing:

- Travel
- Use of government and private vehicles for official business
- Use of government credit cards, computers, and phones
- Contracting, bidding and purchasing

The Grand Jury reviewed the operational policies of the six incorporated city governments and Placer County to determine if the policies are appropriate, current and realistic. The Grand Jury met with and interviewed the county auditor-controller and local government financial managers to understand their various individual local policies, the implementation of those policies, and how they are managed. The Grand Jury sought to determine how such policies addressed, coordinated and managed new technologies. The Grand Jury wanted to verify that policies for travel and the use of technology applied to elected officials as well as government employees. The Grand Jury also inquired into the initial and recurring training on operational policies.

Facts and Findings

For Placer County and the cities of Auburn, Colfax, Lincoln, Loomis, Rocklin and Roseville, the Grand Jury determined the following:

Travel Policies

Facts

- All have budgets, controls and policies for travel of elected officials and employees.
- Travel plans and projected costs are developed in the fiscal budget process.
- Any out of state, out of the country, and unbudgeted travel requires pre-approval by the respective elected officials (Board of Supervisors for county, council members for cities).
- All policies for travel require the use of the lowest cost for airfare, ground transportation and lodging.
- Per Diem rates for employees on official travel use IRS or lesser rates.
- All governmental entities have personnel approving travel in advance and staff monitoring travel claims and payments.
- Elected officials and appointed employees are subject to the same operational policies in all entities.
- Colfax does not have a written policy on travel.

Findings

- F1. Policies for travel seemed appropriate and adequate while recognizing the wide differences in size of the workforce and responsibilities. Colfax has policies, but they are not in writing.
- F2. Travel controls for all entities are adequate.

Vehicle Policies

Facts

- County and all local governments have government vehicles. The majority of vehicle use is by public safety and public service departments.
- The use of personal vehicles for official travel is reimbursed at the IRS approved mileage rate.
- The Board of Supervisors and other elected local government officials are not assigned government owned vehicles.
- Elected officials receive set allowances to compensate for transportation expenses.
- Colfax does not have a written policy on vehicle use.

Findings

- F3. Vehicle policies for all jurisdictions are satisfactory, although Cofax's policy is not in writing.

Credit Card Policies

Facts

- The county and all cities use credit cards. The number of cards in use varies; for example, Loomis has only one credit card, while Roseville has over 300 credit cards.
- Managers or department heads are responsible for approving the issuance of cards and monitoring appropriate use.
- Typical credit card use includes:
 - Travel expenses such as airfare and conference fees payable in advance
 - Purchases for emergency repairs
 - Numerous other authorized routine field expenses
- Credit card expenses are reviewed and approved prior to payment.
- Monitoring of credit card expenses is routinely done by staff and, proactively by the issuing credit card banks.

Findings

- F4. Each government body has different policies and procedures for issuance and use of credit cards.
- F5. Credit cards are widely used by Placer County, Rocklin and Roseville. Use in other jurisdictions is more limited.
- F6. Monitoring and control of credit card use is adequate.

Cell-Phone Policies

Facts

- All entities issue and use cell-phones for employee use.
- The bulk of cell-phone use is by public safety and public service employees.
- Elected officials generally use their own cell-phones and are reimbursed or have allowances covering such use.
- Placer County and Roseville department heads authorize cell-phone issuances.

- Placer County and Roseville IT departments have responsibility for negotiating cell-phone contracts.

Findings

F7. Monitoring cell phone usage continues to be an on-going challenge for management.

Technology Policies

Facts

- All entities have a wide variety of hardware and software.
- Placer County, Auburn, Rocklin, and Roseville have inter-disciplinary groups to assess technology changes, their application and their costs.
- Some agencies monitor Internet access to preclude personal use.
- Rocklin has a social media policy.
- Roseville has e-mail and remote e-mail policies that employees must read, acknowledge and understand before signing.
- Roseville incorporates technology training in yearly ethics training.
- Cyber security insurance is purchased by Roseville.
- Auburn has a technical procedures policy that employees must sign.
- deleted

Findings

F8. Smart phones have blurred the lines between cell-phone and technology use policies.

F9. Management oversight and monitoring of technology usage is an evolving challenge.

F10. The extent of personal computer and tablet usage varies with the number of employees.

F11. Management approach and policies on technology vary.

Contracting, Bidding and Purchasing Policies

Facts

- Contracting and bidding practices vary but conform to state laws, regulations and appeared adequate.

Findings

F12. All entities have adequate policies on contracting and bidding.

Management and Administration of Policies

Facts

- Training policies and practices, both initial and recurring, vary.
- All operational policies apply to elected officials as well as employees.
- Not all policies were current and in writing.
- Not all policies were organized and indexed.
- Only Placer County has internal auditors on staff.
- Roseville does not have an internal auditor but is considering adding this role.
- Colfax has a policy and a complaint form for whistleblower reports. All others rely on Federal Law protecting whistleblowers but do not have a policy or form for written whistleblower reports.

Findings

- F13. Policies are not being updated in a timely fashion.
- F14. Some, but not all, policies identified the original date of issue or date of review.
- F15. Issuance dates, recurring reviews and approvals of operational policies were only completed by Placer County, Colfax and Roseville. Other entities revised policies on an "as necessary" basis.
- F16. Complete standardized numbered policies were only available from Placer County and Roseville.
- F17. Initial training on operational policies is completed for newly elected officials and new employees in a variety of ways.
- F18. Recurring training policies can be improved.
- F19. Management of technology innovations requires an inter-disciplinary approach.
- F20. On-going internal auditing serves to monitor internal controls and minimize non-compliance and abuse. The addition of internal auditors would be valuable for the larger cities.
- F21. Providing forms for employees to submit whistleblower reports in writing would be of value.

Conclusions

The Grand Jury's review of the operating policies of the county and cities indicates they are appropriate. There are actions that the Grand Jury would consider *best practices* that should be instilled. Current policies apply equally to elected officials, appointed management and employees.

Significant variability exists in the level of detail included in the operating policies of the county and various cities. As the size of the government entity and number of employees increases, more reliance is placed on managerial control.

Recommendations

(Table 1 on the following page specifies which recommendations are applicable to each entity)

The Grand Jury recommends that:

- R1. A written policy for travel and vehicle use be developed.
- R2. A regular schedule be established for reviewing all policies to assure they are current.
- R3. All policies should include, approval, adoption, and review dates. Policies should be indexed for improved access.
- R4. Cell phone policies be documented.
- R5. Computer and internet policies be documented.
- R6. Technology policies include computer, tablet, internet and email use.
- R7. Consideration should be given to the development of a Technology Resources Policy including a schedule of reviews and employee acknowledgements.
- R8. Consideration be given to procuring cyber security insurance.
- R9. Require that employees on a recurring schedule verify that they understand and acknowledge, by signature, operational policies and any changes thereto.
- R10. A whistleblower policy and reporting form be developed.
- R11. Consideration be given to adding one or more internal auditors to staff.

Table 1 – Recommendations

| | Recommendations | | | | | | | | | | |
|-------------------|-----------------|----|----|----|----|----|----|----|----|-----|-----|
| | R1 | R2 | R3 | R4 | R5 | R6 | R7 | R8 | R9 | R10 | R11 |
| Placer County | | | | | | | | X | | X | |
| City of Auburn | | X | X | | | X | X | X | X | X | |
| City of Colfax | X | X | X | X | X | X | | X | X | | |
| City of Lincoln | | X | X | X | | X | X | X | | X | |
| Town of Loomis | | X | X | X | X | X | | X | X | X | |
| City of Rocklin | | X | X | | | | | X | X | X | |
| City of Roseville | | | | | | | | | | X | X |

Key: X - indicates this recommendation applies.

Request for Responses:

| | <u>Recommendations Requiring Response</u> | <u>Response Due Date</u> |
|--|---|--------------------------|
| Mr. David Boesch Placer County CEO 175 Fulweiler Ave. Auburn, CA 95603 | R8, R10 | August 24, 2015 |
| Mr. Andrew Sisk Placer County Auditor Controller 175 Fulweiler Ave. Auburn, CA 95603 | R10 | August 24, 2015 |
| Mr. Tim Rundel City Manager, City of Auburn 1225 Lincoln Way Auburn, CA 95603 | R2, R3, R6-R10 | August 24, 2015 |
| Mr. Mark Miller City Manager, City of Colfax 33 South Main St. Colfax, CA 95713 | R1-R6, R08-09 | August 24, 2015 |
| Mr. Matt Brower City Manager, City of Lincoln 600 Sixth St. Lincoln, CA 95648 | R2-R4, R6-R10 | August 24, 2015 |
| Mr. Rick Angelocci Town Manager, Town of Loomis 3665 Taylor Road Loomis, CA 95650 | R2-R6, R8-R10 | August 24, 2015 |
| Mr. Ricky A. Horst City Manager, City of Rocklin 3970 Rocklin Rd. Rocklin, CA 95677 | R2, R3, R8-R10 | August 24, 2015 |

Mr. Ray Kerridge
City Manager, City of Roseville
311 Vernon St.
Roseville, CA 95678

R10, R11

August 24, 2015

Copies Sent to:

Mr. Keith Nesbitt,
Mayor, City of Auburn
1225 Lincoln Way
Auburn, CA 95603

Mr. Dylan Fisk
Administrative Services Director, City of Auburn
1225 Lincoln Way
Auburn, CA 95603

Mr. Kim Douglass
Mayor, City of Colfax
33 South Main St.
Colfax, CA 95713

Ms. Laurie Van Groningen
Finance Director, City of Colfax
33 South Main St.
Colfax, CA 95713

Mr. Paul Joiner
Mayor, City of Lincoln
600 Sixth St.
Lincoln, CA 95648

Mr. Steven Ambrose
Finance Director
600 Sixth St.
Lincoln, CA 95648

Ms. Rhonda Morillas
Mayor, Town of Loomis
3665 Taylor Road
Loomis, CA 95650

Mr. Roger Carroll
Treasurer, Finance Director, Town of Loomis
3665 Taylor Road
Loomis, CA 95650

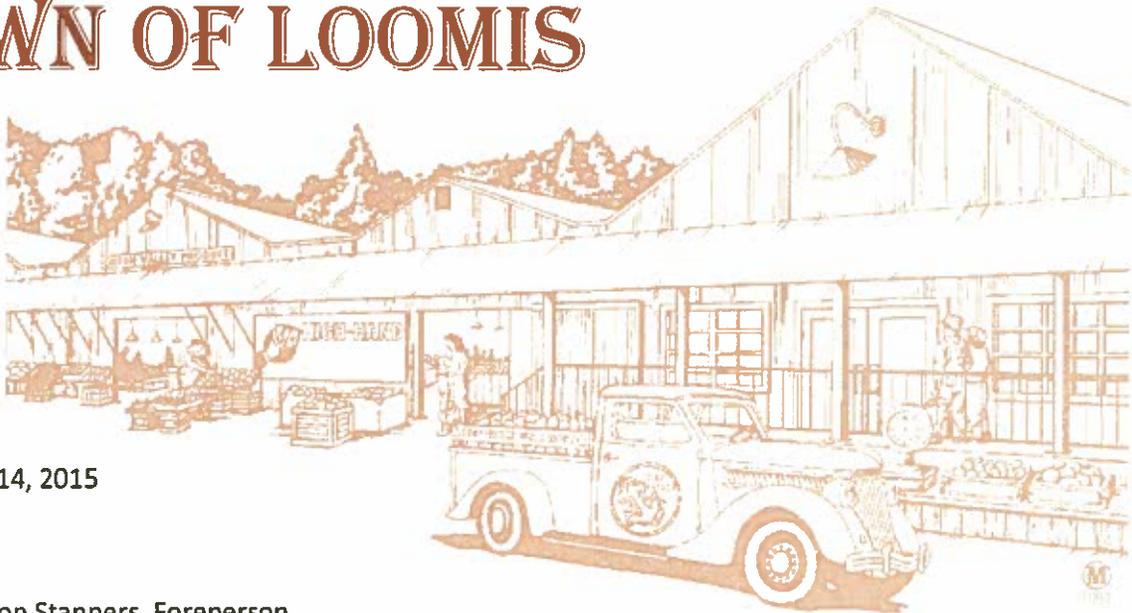
Mr. George Magnuson
Mayor, City of Rocklin
3970 Rocklin Rd.
Rocklin, CA 95677

Ms. Kimberly Sarkovich
Chief Financial Officer, City of Rocklin
3970 Rocklin Rd.
Rocklin, CA 95677

Ms. Carol Garcia
Mayor, City of Roseville
311 Vernon St.
Roseville, CA 95678

Mr. Monty Hanks
Finance Director, City of Roseville
311 Vernon St.
Roseville, CA 95678

TOWN OF LOOMIS



July 14, 2015

Sharon Stanners, Foreperson
Placer County Grand Jury
11532 B Avenue
Auburn, CA 95603

To: Sharon Stanners, Foreperson; Members of the Placer County Grand Jury

The Loomis Town Council and Staff would like to thank the Placer County Grand Jury for the time and effort they put into reviewing the Town's operational policies and the recommendations they have given. We take these recommendations seriously and plan to implement each one.

Below are the recommendations of the Grand Jury, and the Town's response.

R2. A regular schedule be established for reviewing all policies to assure they are current.

Response: The Town Clerk and the Finance Director are currently reviewing all the policies. Some need no change, some require updating, and some have been superseded by adopted ordinances and can be deleted. Upon completion of the current review, a complete operations policy manual will be presented to the Town Council for approval.

Going forward, each July, the Clerk and the Finance Director will give all policies a cursory review. If no need for change is found, the reviewer will sign and date the bottom of the policy. If there appear to be changes needed, the policy will be updated and brought to Council in September for approval.

R3. All policies should include approval, adoption, and review dates. Policies should be indexed for improved access.

Response: When the above mentioned policy manual has been adopted by the Town Council, each policy will be noted with its adoption date. Each July, the Clerk and the Finance Director will give all

policies a cursory review. If no need for change is found, the reviewer will sign and date the bottom of the policy. If there appear to be changes needed, the policy will be updated and brought to Council in September for approval. Upon approval, the policy will be marked as amended and dated.

R4. Cell phone policies should be documented.

Response: A cell phone policy will be drafted and included in the policy manual in R2, above.

R5. Computer and internet policies should be documented.

Response: A computer and internet policy will be drafted and included in the policy manual in R2, above.

R6. Technology policies include computer, tablet, internet and email use.

Response: A technology policy, including computer, tablet, internet and email use will be drafted and included in the policy manual in R2, above.

R8. Consideration should be given to procuring cyber security insurance.

Response: On June 26, 2015 (prior to receiving the Grand Jury Report), the Town contracted for cyber insurance, effective July 1, 2015.

R9. Require that employees on a recurring schedule verify that they understand and acknowledge, by signature, operation policies and any changes thereto.

Response: During each employee's annual review, they will be required to review and verify that they understand and acknowledge, by signature, operation policies and any changes thereto that relate to their position or job assignment.

R10. A whistleblower policy and reporting for should be developed.

Response: A whistleblower policy and reporting form will be drafted and included in the policy manual in R2, above.

We expect that all the above will be in place by September 30, 2015.

Sincerely,

Rick Angelocci, Town Manager