

## Exhibit B

Table 1. Report on Compliance Review of County’s Claim Procedures – Report Recommendations on General Liability and Proposed Implementation

<b>Key Report Recommendations – General Liability</b>	<b>Proposed Implementing Actions</b>
<p>Provide specification of duties with parties involved in review and settlement of claims by amending Ordinance 15.16.010 and 020 to clearly define specific duties of the:</p> <ul style="list-style-type: none"> <li>• County Counsel</li> <li>• Risk Management Division</li> <li>• Third Party Administrator (when contracted)</li> </ul>	<p>Government Code section 26521 provides that the County Counsel (as successor to the duties of the District Attorney) shall defend all litigation brought against the County. Government Code section 26526 provides that the County Counsel shall oppose all claims against the County. Under the current structure, County Counsel thus has statutorily designated responsibility for all claims and litigation. Monterey County Code also specifies duties. Any amendment of County Code will depend on the organizational choice the Board of Supervisors makes with respect to Risk Management functions. County Code amendment included with this staff report addresses authority to solicit for and bind insurance contracts. Recommended additions of CAO and HR to settlement authority will also provide additional checks and balances.</p>
<p>Take Actions regarding non-compliance of prior General Liability TPA</p>	<p>Prior TPA contract terminated and new TPA retained; new TPA contract provisions clarify duties; prior TPA requested to turn over all files related to IRS form 1099 – response pending.</p>
<p>Improve Claims Reserve Processes for cases being litigated where County is using outside TPA</p>	<p>New TPA contract, and claims and litigation handling procedures, have been implemented addressing reserve setting matters.</p>
<p>Claims Investigations: TPA contracts should detail expected investigative services; or County should recruit and hire investigators</p>	<p>Third Party investigators are available upon request under current TPA contract at additional expense; County staff initial review of departmental claim reports is appropriate, other investigatory needs addressed on a case-by-case basis; recruiting and hiring of qualified investigators can be assessed with CAO – Budget and HR for cost/budgetary impact and cost/benefit impact compared to contracted TPA services.</p>

Table 2. Report on Compliance Review of County’s Claim Procedures – Report Recommendations on Workers Compensation and Proposed Implementation

<b>Key Report Recommendations – Workers Compensation</b>	<b>Proposed Implementing Actions</b>
<p>TPA Contractor should perform general review of all claims and adjust claims reserves</p>	<p>Currently being performed.</p>

Fill vacant positions in the Risk Management Division	Worker's Compensation Manager has been hired – to start in February 2018. Human Resources request to prioritize and recruit other positions.
Implement a Light-Duty Back to Work Program	The County currently has a Modified/Alternative Work Program Policy. It should be updated and more formally implemented into the Workers Compensation Program overseen by the Workers Compensation Manager.
Ensure TPA filing Labor Code 4850 Compensation Reports	Completed according to Risk Management Division.

Table 3. Additional Recommendations of the Auditor-Controller's Office Report of January 23, 2017 not included in above reports.

<b>Key Report Recommendations – Workers Compensation</b>	<b>Proposed Implementing Actions</b>
On Regular Basis provide Public Report on General Liability and Workers Compensation Costs and steps to mitigate identified risks throughout County.	On-going; Risk Management reports to the Budget Committee and the Board of Supervisors on a semi-annual basis.
Ensure IRS 1099 Reporting in TPA contracts	Currently in new TPA contract.
Ensure separation of duties in Settlement of cases under \$100,000	In current organization, separation of duties exists in that decisions to settle under \$100,000 are made by consensus with County Counsel, Risk Management and the TPA. Auditor-Controller issues all checks. Any action to modify the process will depend on the organizational structure for Risk Management function chosen by Board. Recommended additions of CAO and HR to settlement authority provide additional checks and balances.
Follow the County of Los Angeles Model for County Wide Risk	The current structure (all Risk Management functions within County Counsel) is an acceptable practice and implemented in several other counties of similar size, structure, and claim/litigation experience as Monterey County. Other models such as Los Angeles are also acceptable but would require significant reorganization and re-prioritization of duties. The Board of Supervisors is the final authority to determine organizational structure for all County departments and functions.