

COUNTY OF MONTEREY

ORGANIZATION REVIEW: COUNTY ADMINISTRATIVE OFFICER DEPARTMENT

December 2007



MANAGEMENT PARTNERS
INCORPORATED

Employee Relations: This function is currently in the CAO Department, with the following positions (all would be moved to the new Human Resources Department):

- 1 Principal Personnel Analyst
- 1 Management Analyst

Employee Training and Development: This function is currently in Intergovernmental Affairs and Legislative Affairs, a division of the CAO Department, with the following positions (all would be moved to the new Human Resources Department):

- 2 Senior Benefits Analysts
- 1 Secretary

In consultation with County staff, the following seven positions were identified as critical to having a properly staffed Human Resources Department to meet County needs.

- 1 Administrative Secretary (to support the new Director of Human Resources and provide general administrative assistance)
- 1 Supervising Personnel Analyst (Personnel Services unit)
- 1 Senior Personnel Analyst (Recruitment and Selection unit)
- 1 Senior Personnel Analyst (Policy Development and Maintenance unit)
- 1 Associate Personnel Analyst (Classification and Compensation unit)
- 1 Personnel Technician (Recruitment and Selection unit)
- 1 Senior Personnel Analyst (Employee/Labor Relations unit)

Enterprise Risk Management

Enterprise risk management (ERM) is a critical function for any organization, particularly as claims against the County and lawsuits increase. ERM is an approach to manage risks or seize opportunities related to the achievement of the organization's objectives. ERM provides a framework for risk management, assesses risks and opportunities in terms of probability and level of impact, determines response strategies, and monitors and evaluates progress. As mandates and constraints on the County become more complicated, and as resources become more constrained, having a comprehensive view of the organization's risks, and a plan for managing them, is essential.

ERM involves setting enterprise-wide risk management goals, identifying risks that can be seen as opportunities, quantifying risks to help executives and policy makers understand them, and benchmarking with other organizations to learn from others. ERM is a framework for involving various stakeholders who need to understand the range of risks facing the organization to ensure that the risks and opportunities that may be associated with them are properly understood and managed.

Enterprise Risk Management requires more than close coordination between the operations of daily risk management activities and the County Counsel's role in defending the County. It is best served when the responsibilities are fully integrated. The risk management function is currently bifurcated between the County Counsel's Office and the CAO Department. The Risk Management division of the CAO Department handles claims, workers compensation and benefits administration. The County Counsel's Office handles litigation and claims settlements. Integrating the Risk Management functions within the County Counsel's Office would provide alignment for effective protection of the County.

Additionally, the Compliance function now within the CAO Department is one that lends itself to legal and policy analysis that would be an appropriate function of the County Counsel's Office. Further, the County is experiencing an increase in public records act requests. This is driven by a combination of the explosive growth in "documents" created by email, State law, which did not contemplate electronic communications and opportunistic legal filings incentivized by the potential for an award of legal fees. The County can best manage this litigation risk by having a coordinated legal approach. Therefore management of this function could also be integrated into the Enterprise Risk Management Division.

Public Records Act requests are received by the County on a regular basis. The County is obligated to respond to such requests within timeframes prescribed by state law. Such requests can come into any number of offices of the County, and County staff indicates that many of the requests are handled in a routine manner. However, complicated requests are also submitted to the County, requiring careful response in a timely and appropriate manner. County staff have identified a need for greater coordination of public records requests, in order to ensure that the County is complying with such requests in accordance with state law. Proper handling of public records requests requires sound records management, retention and storage practices; policies pertaining to email communications; and protocols for responding to requests.

Management Partners believes that improved handling and coordination of Public Records Act requests could be provided through the new Enterprise Risk Management Division of the County Counsel's Office, with a new position added to staff the function. A Public Records Act Request Coordinator could be added, with the responsibility for collecting all Public Records Act requests, coordinating with appropriate departments to receive responses, working with Information Technology to create policies pertaining to public records and systems to track requests and responses, identifying proper records management processes, and working with the County Counsel's Office in ensuring timely response to requests.

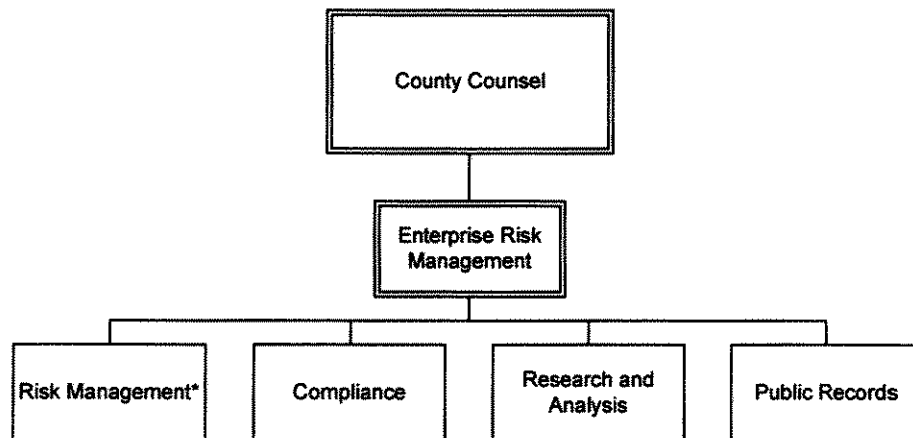
Benefits Administration is currently part of Risk Management. Normally, employee benefits are part of a Human Resources Department due to the

inter-related employee relations and personnel transactions functions. It should become part of a new Human Resources Department.

Recommendation 7: Assign the functions of Enterprise Risk Management and Compliance to the County Counsel's Office. Create a new division within the County Counsel's Office for those responsibilities, and add a Research and Analysis function, along with responsibility for Public Records. Transfer the Assistant CAO/Human Resources to the County Counsel and re-title the position to Assistant County Counsel/Enterprise Risk Management. Transfer the staff within Risk Management to the County Counsel, except for the Benefits function. Add an Administrative Secretary position for the new division. Move Benefits to a new Human Resources Department. Incorporate a research and analysis function within the new Enterprise Risk Management Division of County Counsel.

The proposed Enterprise Risk Management Division within the County Counsel's Office is shown in Figure 4 below.

FIGURE NO. 4: ENTERPRISE RISK MANAGEMENT – COUNTY COUNSEL'S OFFICE



*Workers' Compensation, General Liability

The existing, budgeted positions that would be moved to the new Enterprise Risk Management Division of the County Counsel's Office are noted below.

Enterprise Risk Management Administration: The Assistant CAO for Human Resources would be transferred to the County Counsel's Office as Assistant County Counsel/Enterprise Risk Management, responsible for the full functions of the new division, including Risk Management, Compliance, Research and Analysis, and Public Records.

Risk Management: The following positions, currently in the CAO Department in the Risk Management Division, would transfer to the County Counsel's Office into the Risk Management section of the new Enterprise Risk Management Administration Division.

- 1 Risk Manager
- 1 Workers' Compensation Manager
- 1 Safety Officer
- 1 Ergonomics Manager
- 1 Risk Analyst
- 1 Secretary
- 1 Senior Secretary (Confidential)

Compliance: The following position, currently within the CAO Department would transfer to the new Enterprise Risk Management Administration Division to the Compliance Section.

- 1 Management Specialist (Limited Term)

Research and Analysis:

- 1 Management Specialist (Limited Term)

Note: Current funding from Internal Services Funds (ISF) will remain with Risk Management.

In order to properly staff these functions, the following three new positions are proposed for the Enterprise Risk Management Division:

- 1 Administrative Secretary (to provide support for the new division)
- 1 Management Analyst III (for the Risk Management section)
- 1 Public Records Request Coordinator

County Business Systems

An Assistant CAO has responsibility for critical business systems for the County: Budget and Analysis, CAO Finance and Accounting, County-wide Financial Policy Development, New Budget Initiatives, Contract, Purchasing, Capital Improvement Plan, Enterprise Resource Planning (ERP) and County-wide Human Resources/Financial Systems. All of these functions are part of the County's business systems, and Management Partners suggests that the name of the division reflect that function.

The responsibilities assigned to the Assistant CAO have evolved over the past several years, as various functions have been added. Three of the functions listed above were added in the last three years due to the critical nature of the work that needed to be done, and the importance of