

## **2022-2023 RIVERSIDE COUNTY CIVIL GRAND JURY CONTINUITY REPORT**

### **Background:**

Pursuant to California Penal Code §914(a), the Riverside County Civil Grand Jury (Grand Jury) is impaneled annually to investigate city and county government and special districts. The Grand Jury's civil oversight is almost exclusively limited to local governments such as counties, cities, special districts and school districts. It does not extend to state or federal activities or purely private organizations and people not acting in a governmental capacity. Findings and recommendations developed from these investigations are contained in the reports signed by the presiding judge of Riverside County Superior Court.

### **RECOMMENDATIONS:**

The 2022-2023 Civil Grand Jury reviewed two reports from the 2019-2020 Grand Jury and two reports from the 2021-2022 Grand Jury. Recipient entities are to respond to the reports within certain time constraints and in accordance with specific formats pursuant to California Penal Code §§933(a), 933.05(a).

The responses to the recommendations must include one of the following legally permitted options:

1. The recommendation has been implemented with a summary regarding the implemented action.
2. The recommendation has not been implemented but will be implemented in the future with a time frame for implementation.
3. The recommendation requires further analysis with an explanation and the scope and parameters of an analysis or study and a time frame (which shall not exceed 6 months from date of report publication) for the matter to be prepared for discussion.
4. The recommendation will not be implemented because it is not warranted or not reasonable with an explanation therefor.

### **SUMMARY**

The function of a Civil Grand Jury is to investigate the operations of the various officers, departments, and agencies of the government of its appointed county. If the recommendations of the Grand Jury are not verifiably implemented, or at least seriously considered, this function is undermined and the effort is futile. Traditionally, a Continuity Committee of the Grand Jury performs a review of the responses received from the preceding Grand Jury reports in order to follow up on implementation of the reports' recommendations.

The 2022-2023 Grand Jury reviewed the current Grand Jury Procedures Manual for procedural direction. While the Procedures Manual provided responsibility information, it did not offer information on operationalizing the task or a mechanism for tracking. Thus, the 2022-2023 Grand Jury created a process and template for reviewing the responses to report findings and recommendations. Hopefully, the resulting template will assist future Grand Juries in carrying out the responsibilities of recommendation review.

The 2022-2023 Grand Jury determined that not all requested respondents adhered to California Penal Code §§933(a), 933.05(a) and that Grand Jury follow-up on submitted reports and responses has historically been intermittent and inconsistent. However, during the interviews with the respective departments, discrepancies were cleared and complied with the California Penal Code.

## **METHODOLOGY**

The Grand Jury requested interviews with the respective Riverside County Department Directors, the Executive Office (EO) and the Board of Supervisors (BOS) to provide an update and status of the Grand Jury recommendations.

## **SCOPE**

The responsibility of the Civil Grand Jury is to follow-up on previous published reports and the recommendations and evaluate the responses to ensure compliance with California Penal Code §§933(c), 933.05. The area of focus is on how the responses comply as noted below:

- 1) The recommendations have been implemented, with a summary regarding the implemented action.
- 2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
- 3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the Grand Jury report.
- 4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

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## **1. 2019-2020 KPMG County Transformation Project: Benefit or Millions Squandered**

### **Summary of 2020-2021 Report:**

In September 2015, Riverside County Board of Supervisors (BOS) and the County Executive Office (EO) hired international accounting and consulting firm KPMG to recommend cost-cutting efficiencies in County public safety services and review contract city rates for law enforcement. Over the next two years, the parties amended the contract. The County ended up spending \$36.4 million on the KPMG County Transformation Project (Project).

Over the next two years, the Project and its cost received many public and private criticisms and defenses. The 2019-2020 Riverside County Civil Grand Jury (Grand Jury) sought to determine whether the Project achieved verifiable cost savings and benefits. To the extent that expected or desired results were not achieved, the Grand Jury explored why not and suggests improved methods to manage this and similar future projects.

### **Key Findings**

In the 2019-2020 Grand Jury's report, nine findings were noted. This included some limited cost savings from the KPMG County Transformation Project that were substantiated by documentation provided to the Grand Jury, e.g., in Purchasing and Fleet Services. However, the implementation process for human resource software was unsuccessful which cost the County an additional \$8 million.

Evidence also provided to the Grand Jury to support reports by the EO to the BOS of completion on some of KPMG's recommendations was incomplete, dubious, misleading, or not provided at all.

Also, key initiatives to achieving and following up on the objectives and recommendations of the Project, the County Performance Unit (CPU), have been largely abandoned by the EO and the BOS.

### **Key Recommendations**

The report listed five recommendations to prevent similar excessive spending in the future. This included following the County's current Board Policy A-18, and establishing a policy stating that for very large (example being greater than \$500,000) contracts, including follow-ons to contracts, the County should evaluate breaking them into smaller pieces and always solicit and consider competitive bids. In those cases where such a competitive bidding process would be detrimental to the County, such detrimental effects and their reasons shall be stated and documented publicly.

Finally, the EO will continue to track and report on those recommendations still offering benefits and cost savings to the County, and direct departments and agencies to continue efforts to achieve those benefits and cost savings.

## **Response**

The EO and BOS responded to the report within the required time frame. However, four recommendations required a timeline for implementation and no timeline was included as part of their response. Per California Penal Code §933.05(b)(3) *“The recommendation requires further analysis, with an explanation and the scope and parameter ... This timeframe shall not exceed six months from the date of publication of the Grand Jury report.”*

In addition, the BOS and EO agreed to track and report on the 209 KPMG recommendations.

## **Follow-up**

After interviewing members of the BOS and the County Executive Officer (CEO) it was determined that although there have been some gains in efficiencies and cost reduction, overall little has been gained from the \$36.4 million expenditure. From this investment, the County was told it could expect \$100 million in identified cost-cutting opportunities.

The key to achieving this return on investment was departments implementing the recommendations and administration following up on the objectives and recommendations. The Grand Jury was informed by the CEO, that while the tracking and follow-up on the specific KPMG recommendations has been abandoned, the CEO stated the County has seen some evidence of cost savings and improved efficiencies in various departments. However, since there has been no effort to implement or follow-up on the KPMG recommendations and/or measure any cost savings, the money spent on this effort is considered a loss or wasted. There has been no direct benefit from the KPMG recommendations. This is not to say that some efficiencies and/or cost savings would not have been done by the County nonetheless.

With the change in the County’s CEO, there has been a concerted effort to track and manage departments’ performances using dashboards that track selected data. The CEO informed the Grand Jury the EO’s office would look into creating a new dashboard to help track the KPMG recommendations. The CEO also agreed to meet quarterly, beginning in 2023-2024, to provide the Grand Jury Continuity Committee with updates by portfolio or subject matter.

## **2. 2020-2021 Short Term Rentals**

### **Summary of 2020-2021 Report:**

In 2016, the Riverside County Board of Supervisors adopted Ordinance 927 to “*establish regulations for the use of privately-owned residential dwellings as short-term rentals to minimize the negative secondary effects on surrounding properties and to ensure the collection and payment of transient occupancy taxes.*” The generally accepted definition of a Short-Term Rental (STR) is a privately-owned residential dwelling rented for occupancy for dwelling, lodging or sleeping purposes for any period less than thirty consecutive days.

Ordinance 927 was designed to minimize the negative secondary effects on surrounding properties. The Grand Jury’s report maintains that the enforcement piece of the puzzle has yet to be solved.

The draft revision of Ordinance 927 (927.1) proposes new standards for STR that will improve the enforcement aspect of the ordinance. The Grand Jury researched restrictions and requirements utilized by other counties in order to understand what are currently being employed. Based on this research, which included interviews with various Riverside County personnel, the Grand Jury provided the County with recommendations for additional standards to be included in the revised ordinance.

### **Key Findings**

These recommendations include inspections of the STR locations (either virtually, onsite or in combination); verifying the 24/7 local contact number; increasing STR renewal fees to cover the cost of additional code enforcement personnel; establishing a formal on-line complaint process for STR neighbors with a required county response; and requiring the STR owner to sign a defense and indemnification agreement.

The Grand Jury investigated the processes and procedures for administering the STR and Transient Occupancy Tax (TOT) certificates. The Grand Jury discovered some discrepancies and recommended solutions for correcting and minimizing them going forward.

### **Key Recommendations**

The Grand Jury found the current draft revision of Ordinance 927.1 does not provide enough protection for, nor does it allow input from neighboring residences of Short-Term Rental properties. The increase in requirements on STRs outlined in the draft revision of Ordinance 927.1 will result in additional personnel needed for enforcement.

### **Response**

The 2022-2023 Grand Jury received all required responses within the time pursuant to California Penal Code §933(c). All respondents agreed with the recommendations and with the implementation of those recommendations. However, if implementation is agreed, California Penal Code §933.05 requires an estimated time for implementation. Recommendation 2, 3, and 4 did not include an estimated time frame for implementation. During our interview, it was

explained the changes to Ordinance 927.01 became complicated with several public hearing and took longer than expected. The Ordinance was approved in October 2022.

**Follow-up**

The 2022-2023 Grand Jury conducted a follow-up interview with the Director of Code Enforcement concerning the recommendations. With the changes in Ordinance 927.1, Code Enforcement will complete the implementation of Recommendations 1, 3 and 4. However, Recommendation 2, regarding staffing, has not been totally implemented. Code Enforcement staff has not been increased to the desired level to properly enforce the ordinance.

The Director of Code Enforcement requested sixteen additional staff but was provided only eight. In the response, the Grand Jury was informed that should the Special Enforcement Team (SET) fall behind the Cannabis Team will assist.

Code Enforcement remains an open item and should be reviewed by the 2023-2024 Grand Jury Continuity Committee.

### **3. 2021-2022 County Leadership Failures Result in Unnecessary Financial Risks: Internal Audits Marginalized**

#### **Summary of 2020-2021 Report:**

Realizing the importance of internal audits to the County, the Grand Jury initiated an investigation into the County Auditor-Controller Office's (ACO) Internal Audit Division (IA).

#### **Key Findings**

Through the investigation the Grand Jury found twelve findings. Such as, the Internal Audit struggles with high turnover, a "dysfunctional" relationship among county and department leaders, internal audits being marginalized and, in many cases, just ignored, and a staff that lacks the necessary knowledge, skills and experience required to perform the required audits. In additions, internal audit reports do not provide an assessment of the severity of the audit findings.

#### **Key Recommendations**

The Grand Jury report noted twelve findings and provided thirteen recommendations. The recommendations focused on IA Division staffing, assessing County enterprise risks, updating the audit charter and follow-up audits. Also, the dysfunctional working relationship between the ACO and other County Departments impacts the importance of the internal audits.

#### **Response**

The Grand Jury received the required responses from the ACO, the Board of Supervisors (BOS) and Executive Office (EO). The response from the BOS and EO indicated they partially disagreed with the twelve findings but agreed with all thirteen recommendations. The target date for completion is January 1, 2024.

At the time the required response was received the previous ACO disagreed with all the findings and recommendations. The previous ACO had no plans to correct the findings or implement any of the recommendations.

#### **Follow-up**

The Grand Jury's Continuity Committee met with Executive Office and was informed that although the County disagreed with some of the findings and recommendations it is still on target to implement all the recommendations in the report.

In a meeting with the newly elected Auditor Controller, the Continuity Committee was informed that all the findings will be corrected and the recommendations will be implemented.

In that interview, the Grand Jury stressed the importance of an adequately trained and staffed audit staff, expanding the annual audit plan to include all county departments, the need to



perform an enterprise risk assessment and the importance of an independent audit oversight committee. Currently the County uses a silo approach to assess risk and does not look at the interconnectivity of its departments. Having silos can result in workflow overlap, lack of efficiency and not identifying systemic issues.

As a result of the election and the change in the Auditor-Controller, and the commitment to correct the findings and implement the recommendations, the Continuity Committee was informed the County is reclassifying the audit staff, adding more audit staff, including professional development for those staff.

In interviews with both the County Executive Officer (CEO) and the Auditor-Controller, they both suggested the audit oversight committee would consist of department heads. This is inconsistent with the Grand Jury's recommendation in the 2021-2022 report. That report recommended selecting members independent of county internal audit operations. Consistent with best practices, it is essential the audit oversight committee consist of independent members. Having department heads as members of the audit oversight committee would present serious conflicts of interest and possibly compromise the audit independence.

The Continuity Committee found that the EO has established, within their department, dedicated staff to review all the audit reports and follow up on the respective corrective action(s). However, it appears this process remains in silos. We recommend the County develop a dashboard of audit findings to help identify systemic issues within the county.

As noted in the EO's response, the target date for the completion of the recommendations is January 2024. The 2023-2024 Continuity Committee should meet with the CEO and ACO quarterly to follow-up on the progress.

#### **4. 2021-2022 Enhanced Organizational Culture & Leadership: Children Services Division Dedicated to Protecting Riverside County Children**

##### **Summary of 2021-2022 Report:**

The 2021-2022 Grand Jury report addresses recent child deaths (in 2019 and 2020), along with other reports of child abuse and neglect that had tragic outcomes. The details of the cases could not be accessed due to confidentiality laws. Therefore, the Grand Jury altered its investigation and focused on Child Protective Services (CPS) policies and procedures, as revised, and the “process issues” identified in a published external review. The report focus was to ascertain if current policies and procedures are effective in meeting the challenges faced by the Social Services Practitioners (SSPs), their supervisors and the Riverside County entities that support them. The Grand Jury also searched for unequivocal evidence that validates a statement made by a Riverside County spokesperson in a July 2020 Los Angeles Times article, specifically: “[Riverside]... County made several improvements since late 2019 to the County’s Children’s Services Division, including leadership changes and a shift in culture toward greater accountability and safer practices and outcomes.”

The major points of interest examined in the investigation were as follows:

- Warrant for Removal process (obtaining court orders to remove a child from a dangerous environment)
- Use of the Structured Decision Making (SDM) ® to ascertain the level of safety and risk in cases assigned for investigation
- “Staffing” procedures to “promote” an investigation, to seek guidance, and to make appropriate decisions to protect children
- Caseload management, standards and strategies for reducing SSPs workloads

In this this report, the Grand Jury provides recommendations to address its findings in each of these areas. A look into historical perspectives included certain reports which were important to our understanding of how CPS has evolved over the past decade.

##### **Key Findings**

The report noted seven findings concerning the roles and responsibilities of County staff, the warrant removal process, staffing procedures, case management workloads, and SSP rate turnover.

##### **Recommendations**

The report listed six recommendations addressing the above findings. The response received from the Children’s Services Division (CSD) stated five of the recommendations have been implemented and will continue to be implemented.

Recommendation 6, that Department of Public Social Services (DPSS)/CSD is to prepare a summary report on caseload management that illustrates how the actions they have taken

have been successful or not. This summary report is to be submitted to the Executive Office no later than June 30, 2024.

The response stated the: *“Recommendation has not been implemented but will be implemented no later than June 30, 2024. DPSS: DPSS-CSD will prepare a summary report on caseload management that illustrates how the actions taken have been successful or not. Approaching improvement efforts through a continuous quality improvement lens is the management philosophy utilized by DPSS-CSD. Within this process, DPSS-CSD currently utilizes a Line of Sight - Key Performance indicator Dashboard to track progress.”*

### **Follow-up**

The 2022-2023 Grand Jury conducted a follow-up interview with the Department Director of CSD concerning the status of the recommendations. The Grand Jury found CSD has started the implementation process on all the recommendations and will continue to be implemented. However, Recommendation 6, regarding preparing a summary report on a caseload management study that illustrates the actions and the steps DPSS/CSD has taken to improve the caseload has not been completed. In a more recent follow-up, the Grand Jury was informed that DPSS/CSD is on target to complete the caseload management report (Recommendation 6) by the expected deadline of June 30, 2024. To ensure the recommendation is completed as planned, the 2023-2024 Grand Jury Continuity Committee will follow-up with DPSS.

## **5. 2021-2022 City in Peril, Blythe is Dying**

### **Summary of 2021-2022 Report:**

The Grand Jury was alarmed by several recent reports, including a March 2021 analysis by the California State Auditor entitled “*City of Blythe... Inadequate Planning and Other Ineffective Management Practices Hinder Its Ability to Provide Needed Services to its Residents.*” The State Auditor ranks Blythe as 3rd worst of California’s 470 cities for their financial health. In 2021 the City’s own independent audit report of finances expressed substantial doubt about Blythe’s ability to continue is a “*ongoing concern.*” The independent audit has issued similar alarms for the past decade.

### **Key Findings**

The Grand Jury’s report listed nine findings, including its isolation, current economic condition and planning for its future.

### **Key Recommendations**

The Grand Jury made two recommendations:

- 1) The employment of a full-time permanent City Manager with proven turnaround skills and experience, and
- 2) The City should aggressively explore all new potential sources of revenue including government and non-profit organization grants.

### **Response**

- 1) This recommendation has not been implemented; but will be implemented in the future. The City anticipates the City Council will provide direction regarding the recruitment of the permanent City Manager in early 2023, with a permanent City Manager selected by June 30, 2023.
- 2) The recommendation has been implemented as indicated in this response. The City has aggressively pursued all revenues available to the City at the Federal, State and County levels.

### **Follow-up**

On February 8, 2023 the Grand Jury’s Continuity Committee reached out to the City of Blythe to inquire of the status of the recommendations. No response was received.

The Grand Jury did notice the City has improved its State ranking by six positions. The improvement was driven by General Fund Revenues and Revenue Trends.

## **6. 2021-2022 Continuity Report**

The 2021-2022 Continuity Report performed a review of the 2020-2021 Grand Jury report “*Was the Riverside County November Consolidated General Election Administered Fairly and Impartially.*” An interview was conducted with the Riverside County Registrar of Voters (ROV) on the status of the recommendations in the report. The 2022-2023 Continuity Report noted four recommendations still remained unfinished.

The 2022-2023 Grand Jury Continuity Committee reached out to the ROV for an update on the four open recommendations. No response was received as of June 12, 2023.