



# Follow-Up Audit of OC Planning

July 17, 2012

## Background

In 2009, the Office of the Performance Audit Director (Office) completed an audit of OC Public Works (OCPW)/Planning & Development Services (PDS) (now OC Planning), identifying a number of significant strategic, financial, and operational deficiencies that included:

- A problematic Time & Materials (T&M) fee structure
- Poor customer service
- Ineffective utilization of the Automated Permit & Planning System (APPS)
- Lack of executive-level leadership in day-to-day operations
- Inconsistent enforcement and inadequate documentation of regulatory enforcement activities

The cumulative effect of these and other deficiencies called into question the operational sustainability of the County's planning function. The audit identified 44 findings and recommended improvements to OCPW/PDS operations.

## What the Follow-Up Audit Found

OC Planning has made significant progress in addressing deficiencies in the areas of customer service, fee structure, and regulatory enforcement. All 44 findings from the 2009 audit were either fully addressed (39), partially addressed (3), or are no longer applicable (2).

### Key Successes

- Improved customer service by creating a Customer Care Unit that ensures timely processing of permits, tracks customer wait times, and monitors customer experience via a customer satisfaction survey
- Implemented a hybrid fee structure to replace the onerous T&M fee structure, which reduced the administrative burden on staff and alleviated much of the frustration historically experienced by customers
- Increased staff development opportunities and established an internship program
- Implemented value-added modifications to the Automated Permit and Planning System (APPS)
- Developed new performance metrics to adequately track and monitor planning activities
- Improved regulatory enforcement operations by hiring a full-time Building Official

### Key Opportunities for Improvement

The follow-up audit team also identified additional improvement opportunities related to succession planning, staffing, organizational structure, and human resources practices that OC Planning should address within the next three to six months. In order to address these outstanding issues, OC Planning should:

- Establish a formal transition/succession plan to prepare for the potential departure of key personnel.
- Move the Agricultural Commissioner function out of OC Planning.
- Streamline its organizational structure by aligning similar units under one manager and eliminate unnecessary layers of management.
- Take action to address the questionable human resources practices identified by the audit team; have all personnel actions approved by the Human Resources Department over the next six months.

FINAL REPORT

# FOLLOW-UP AUDIT OF OC PLANNING



July 17, 2012



Office of the Performance Audit Director

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## **INTRODUCTION**

In 2009, the Board of Supervisors (Board) directed the Office of the Performance Audit Director (Office) to conduct an audit of OC Public Works (OCPW)/Planning & Development Services (PDS) (now OC Planning). The primary objectives of the performance audit were to assess customer service issues, examine the impacts of the Time & Materials (T&M) fee structure, and identify opportunities to improve operational efficiency.

At the time of the audit, PDS operated in an unstable environment caused by several factors: (1) multiple reorganizations and changes in leadership, (2) a continual reduction in customer population from the diminishment of the County's unincorporated service area, and (3) significant reductions in staffing due to declines in workload and revenue. In addition to these factors, the audit identified other major internal deficiencies that included:

- A problematic T&M charging system
- Inadequate customer service
- Ineffective utilization of information technology (Automated Permit & Planning System)
- Lack of executive-level leadership in day-to-day operations
- Inconsistent enforcement and inadequate documentation of regulatory enforcement activities

Overall, the 2009 audit identified 44 findings and recommended improvements to OCPW/PDS operations. In response to the audit, the Board established a subcommittee led by Supervisors Bates and Campbell to ensure progress was made in addressing these issues. The Board subcommittee worked with OCPW/PDS to develop monthly progress reports, which were submitted to the full Board, with the final report issued in November 2010.

## **FOLLOW-UP AUDIT SCOPE AND METHODOLOGY**

Since the 2009 audit, there have been several organizational changes to PDS, including renaming PDS to OC Planning, transferring the Building & Safety Inspection unit to OCPW/OC Engineering, and incorporating the OC Agricultural Commissioner and OC Watersheds functions. This follow-up audit only reviews those organizational units that were part of the original audit.

In order to determine OC Planning's progress in addressing each audit finding and recommendation, the follow-up audit team conducted interviews with management and staff,

reviewed supporting documentation, analyzed data, and physically observed the operations of the Customer Care Unit (CCU).

While OC Planning's progress in addressing the findings and recommendations of the 2009 audit report have been thoroughly evaluated by the Office, only the key issues are presented in this report. Appendix A contains a summary assessment of OC Planning's progress in addressing all 44 audit findings.

### *Information Reviewed*

Information reviewed for the follow-up audit included:

- 2009 Performance Audit of PDS
- OCPW Business Plans
- OCPW and OC Planning websites
- OC Planning organizational charts
- Position control data
- Applicable codes/regulations/ordinances
- OC Planning policies, procedures, and work manuals
- Past consultant studies
- Workload and relevant permit data from Automated Permit & Planning System (APPS)
- Budget/Actual data for Planning funds (Building & Safety General Fund 071, OCPW Planning and Development Services Fund 100/Agency 080-8000, and Building & Safety Reserves Fund 113)
- Customer satisfaction surveys
- Internal performance and workload measures/metrics data
- Inspection documentation including site audits, inspection reports, and work schedules
- Informational flyers, applications, and brochures provided to customers
- Performance evaluations and personnel documents
- Lists of completed training courses and certifications
- Permit refund reports
- Agenda Staff Reports
- Management memos
- County Selection Rules

### Interviews Conducted

Interviews conducted included:

- OCPW executive staff
- OC Planning division/section managers and staff
- OC Inspection management and staff
- Development Processing and Review Committee (DPRC) members
- OCPW/Auditor-Controller staff
- Orange County Chapter of the Building Industry Association (BIA)
- Orange County Fire Authority (OCFA)
- Contract consultants engaged by OC Planning
- Orange County land developers
- County Executive Office (CEO)/Budget staff

## BACKGROUND INFORMATION

### Overview of OC Planning

OC Planning is responsible for providing mandated land use planning and building regulation services in the County's unincorporated areas. OC Planning staff works primarily with large developers, County residents, and property owners through a permit process to ensure that construction activity is performed safely and in compliance with state and local building, water, and grading regulations.

The current organizational structure of OC Planning is composed of the following sections:

- **OC Community Development** – This section operates with 36 positions dispersed among the following units: Current & Environmental Planning, Neighborhood Preservation/Code Enforcement, the Customer Care/Permit Center, County Property Permits, and the Building Official.
- **OC Planned Communities** – This section operates with 13 staff and includes infrastructure activities (e.g., roads, bridges, flood control structures) and land use services for projects in master planned communities (e.g., Tonner Hills, Rancho Mission Viejo). It also incorporates the Advance Planning & Sustainable Development unit, which maintains the County of Orange General Plan, Orange County Zoning Code, and Specific Plans for the County's unincorporated areas.

After the 2009 audit, OCPW transferred the following functions to OC Planning:

- **OC Agricultural Commissioner** – This section is responsible for enforcing state-mandated agricultural and pesticide regulations and certification of commercial weighing and measuring devices throughout the County.
- **OC Watersheds<sup>1</sup>** – This section is responsible for activities related to the protection of the County's waterways from pollution.

### Revenues and Expenditures

At the time of the 2009 audit, PDS budgeted for the administration of its various services through the following two funds:

- 1) **General Fund 100 Agency 080-8000** for planning expenses related to Land Use Planning, Special Projects and Code Enforcement. Revenue sources for this budget agency included the County General Fund and charges for planning services.
- 2) **Special Revenue Fund 113** for Building & Safety expenses related to Subdivision and Grading, Building Plan Check, the Public Counter, and Building/Grading Inspection. Revenue sources included permit fees and charges for Building & Safety services.

The audit recommended that the CEO, in conjunction with OCPW, consider the merits of combining Agency 080-8000 and Fund 113 into one General Fund budgetary organization. This change would allow General Fund dollars to be used to support all PDS activities, not just activities in Agency 080-8000.

After consideration, a decision was made to move the activities previously budgeted in Fund 113 into a new fund: General Fund Budget Control 071. This change was primarily made to allow General Fund monies to be used for Building & Safety activities (e.g., customer service) and to avoid a projected deficit<sup>2</sup> (due to an expected decrease in revenue) by eliminating County Wide Cost Allocation Plan (CWCAP) charges<sup>3</sup>, which are only charged to non-General Funds.<sup>4</sup> As an aside, Special Revenue Fund 113 is now used only to hold year-end Building & Safety reserves<sup>5</sup> from Fund 071.

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<sup>1</sup> During the course of this follow-up audit, OC Watersheds was transferred to OC Flood, a section within OC Engineering (effective April 3, 2012).

<sup>2</sup> The anticipated deficit for the Building & Safety Fund 113 in FY 2009/10 was \$405,909.

<sup>3</sup> CWCAP is an annual allocation of the indirect costs of building and equipment depreciation and of County General Fund support services to County departments, agencies, and funds that receive the benefits of those fixed assets and services.

<sup>4</sup> Avoiding CWCAP charges reduced OC Planning's expenditures by \$420,000.

<sup>5</sup> As of February 2012, the FBA for Fund 113 is \$583,776.

## Redevelopment Revenue

In June 2010, the Board approved the use of \$2.5 million of Redevelopment funds<sup>6</sup> to pay for a number of planning, building, and safety activities to improve conditions in specific “blighted” unincorporated areas. However, due to recent changes to State law<sup>7</sup>, the appropriation of all remaining Redevelopment funds<sup>8</sup> is now subject to approval by the State of California. Lack of such approval may result in the County having to supplement OC Planning funds with Net County Cost (NCC).

## Revenue and Expenditure Trends

As identified in the 2009 audit, OC Planning has experienced a significant decrease in revenue and expenditures over the past decade. The continual decrease in the County’s unincorporated service area and economic downturns have affected land/real estate development activities and have driven down the demand for permits. Consequently, permit revenue, the primary source of revenue for OC Planning, has decreased significantly. The chart on the following page depicts this downward trend in permit volume (i.e., workload) and its associated revenue.

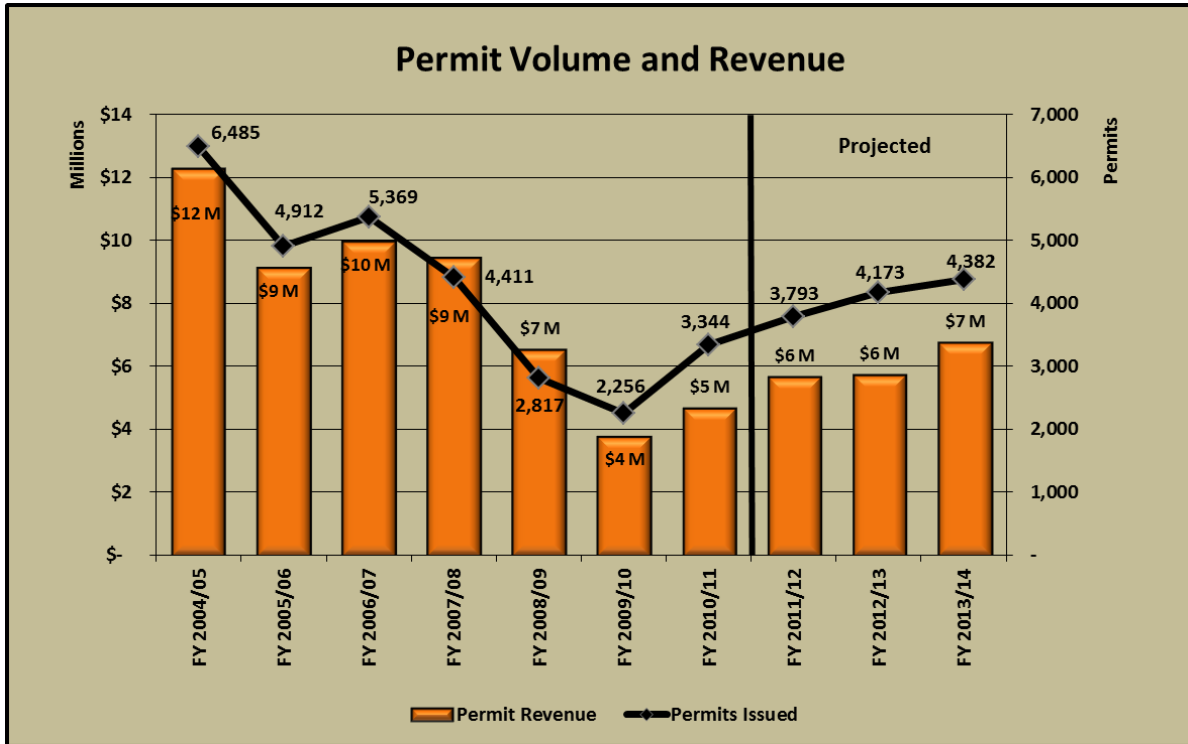
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<sup>6</sup> Redevelopment funding was approved as part of the Community Stabilization Program (CSP), which was established to promote activities that reduce blight in the Neighborhood Development and Preservation Project target areas.

<sup>7</sup> Assembly Bill 26 (ABx1 26), June 29, 2011

<sup>8</sup> As of March 2012, the remaining amount of Redevelopment Funding allocated to OCPW is \$1.2 million.





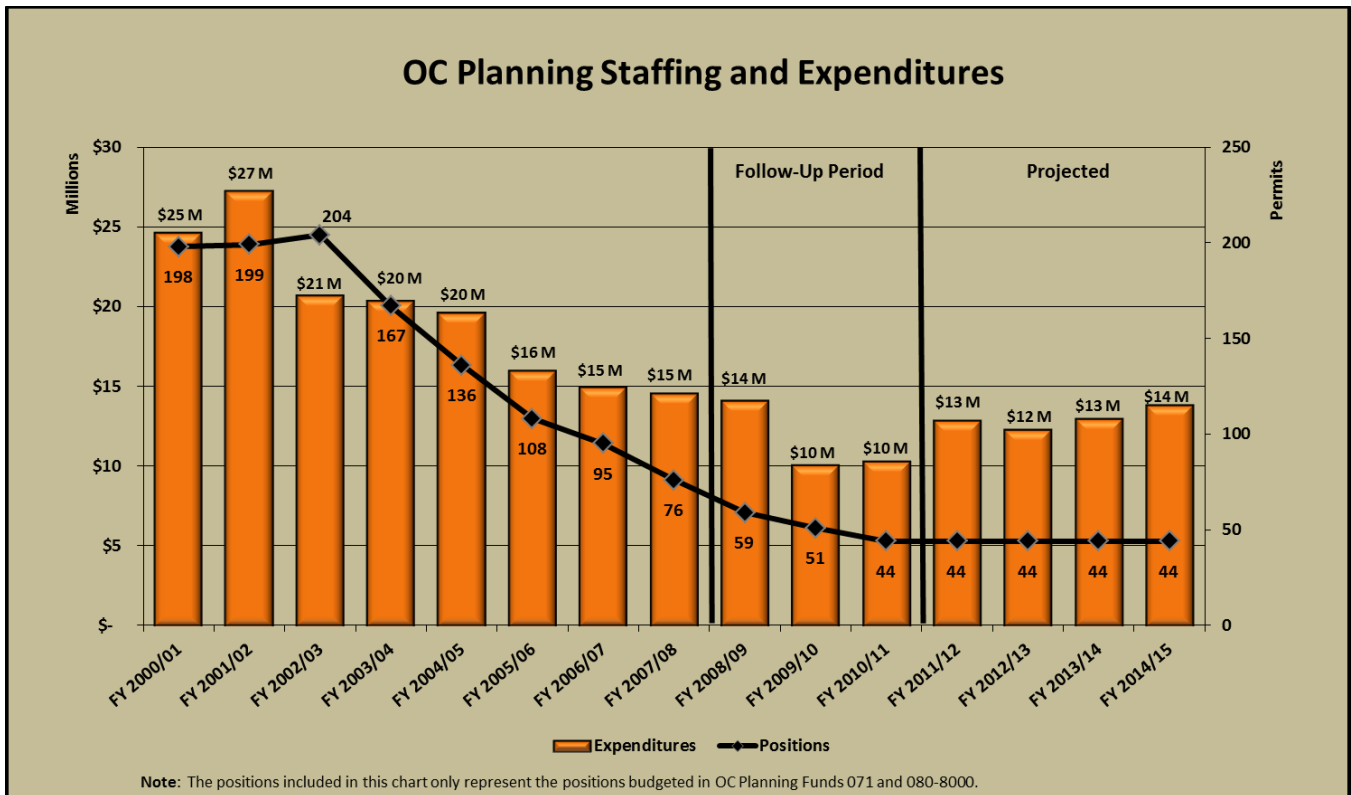
Sources: APPS, OC Public Works

As demonstrated in the chart above, the number of permits issued decreased from 6,485 to 3,344 between FY 2004/05 and FY 2010/11 (48%); the associated permit revenue also decreased from \$12 million to \$5 million (62%) during that same time period. On a positive note, permit volume and revenue have recently begun to increase due to large development projects currently underway such as the Tonner Hills Blackstone Project and The Ranch Plan (Rancho Mission Viejo), which are expected to continue for many years.<sup>9</sup> OC Planning projects a 13% increase in permit volume between FY 2010/11 and FY 2011/12, a 10% increase between FY 2011/12 and FY 2012/13, and a 5% increase between FY 2012/13 and FY 2013/14.

In response to changes in permit volume and revenue, OC Planning has adjusted its expenditures accordingly. For example, as shown in the chart on the following page, between FY 2000/01 and FY 2007/08, OC Planning reduced its expenses by making staff reductions in response to decreases in workload. Specifically, the total number of positions dropped by 62% over these eight fiscal years, falling from 198 positions in FY 2000/01 to 76 positions in FY 2007/08; and expenditures decreased by \$10 million (or 40%), from \$25 million to \$15 million during that same time period.

<sup>9</sup> The Tonner Hills Blackstone project is expected to be developed over the next 3-5 years; the Ranch Plan is expected to take approximately 20 years to fully develop.

In the three years following the 2009 audit, staffing levels and expenditures continued to decline, with staffing dropping by another 32 positions and expenditures decreasing by an additional \$5 million. However, expenditures are expected to increase by approximately \$4 million between FY 2010/11 and FY 2014/15, for two primary reasons: (1) higher Salary and Employee Benefits (S&EB) costs, and (2) a projected increase in the use of consultants to meet increased workload demands due to large development projects currently underway. The use of additional contractors has been a positive change, as it allows OC Planning to respond more quickly and cost effectively to fluctuations in workload.



Sources: CAPS+, OC Public Works

## PROGRESS IN ADDRESSING KEY 2009 AUDIT FINDINGS AND RECOMMENDATIONS

Overall, OCPW/OC Planning has made significant progress in addressing the vast majority of the 44 findings identified in the 2009 audit. In addition to these accomplishments, the follow-up audit team identified a few important areas where improvement is needed. The sections of this report that follow highlight the audit team’s conclusions.

### Fee Structure

At the time of the 2009 audit, PDS utilized a T&M fee structure to charge its customers. In this type of fee structure, all staff time spent working on a project is tracked and charged directly to the customer. This system resulted in the following consequences for PDS:

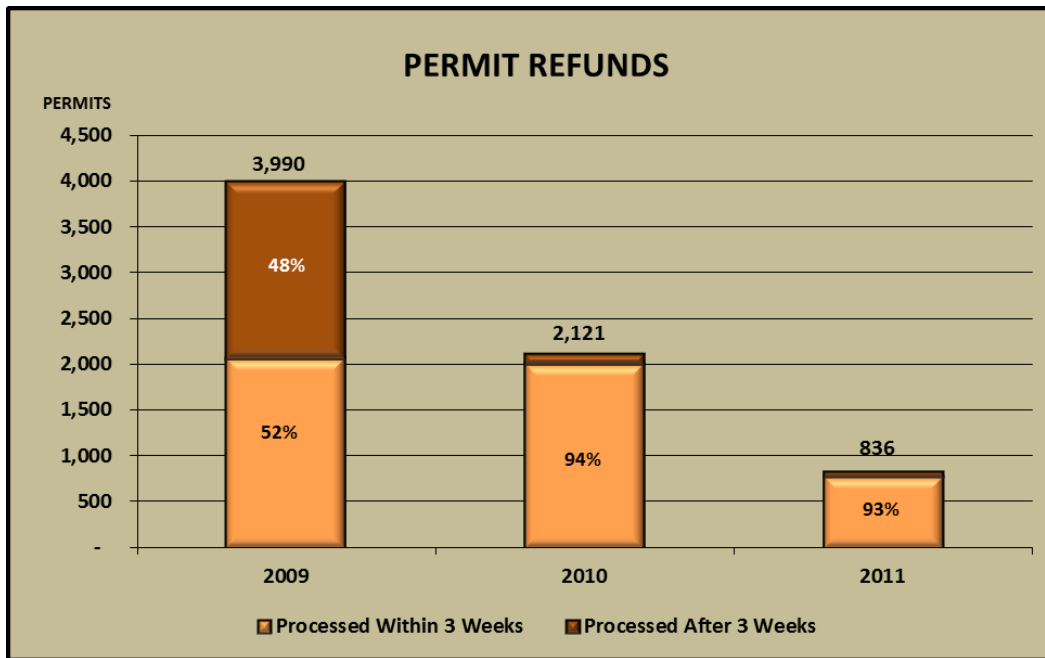
- Increased administrative burden on staff related to the tracking of all time and resources spent working on projects/permits
- Inconsistent charges to customers for similar permits, due to the wide variance in staff billing rates and variation in the amount of staff time spent on individual permits
- Poor levels of customer service, as staff limited their interactions with customers to keep fees low
- Limited staff development opportunities, as staff was expected to maximize billable hours

As a result, the audit team recommended that PDS implement a hybrid fee structure that utilizes a combination of graduated flat fees and T&M charges.<sup>10</sup> In response, OCPW hired a consultant to develop a hybrid fee schedule, which was approved by the Board and adopted by ordinance in March 2010.

Overall, based on the follow-up audit team's review, which included interviews with various building industry stakeholders, the decision to move away from an exclusive T&M fee structure has been a positive change. One critical improvement has been the alleviation of customer frustration by allowing OC Planning staff to answer general questions and provide basic information/assistance without having to bill time to a specific permit. Additionally, the new hybrid fee structure has reduced the administrative burden on staff by making permit deposits and project fees more predictable and consistent, thereby reducing the number of refunds that need to be issued. The chart on the following page illustrates both the substantial reduction in the number of permits requiring refunds and the increased speed with which refunds are issued to customers.

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<sup>10</sup> Graduated flat fees are based on the historical average costs for services and estimates of future workload that correspond to ranges of project square footage and/or valuation of work completed. Different types of permits (e.g. electrical, residential, and commercial) have different scales of flat fees. Graduated flat fees are typically used for routine plan check and building inspection services; T&M is used for rechecks and re-inspections, as well as for discretionary planning applications and uniquely complex projects.



Source: APPS

As shown above, the number of permit refunds decreased by 79% in two years, from 3,990 refunds in 2009 to 836 refunds in 2011; and, whereas only 52% of permit refunds were processed within three weeks in 2009, 94% and 93% were processed within three weeks in 2010 and 2011, respectively. These numbers not only reflect less administrative burden on OC Planning staff but also improved customer service.

**Customer Service**

The 2009 audit team identified a variety of customer service deficiencies. In its review, the follow-up audit team found that OC Planning management and staff have made significant improvements, which include:

- Establishment of the Customer Care Unit, a public-facing group dedicated to providing quality customer service in the processing of permits
- Implementation of procedures to track and monitor customer wait times
- Distribution of customer satisfaction surveys to monitor customer experience and obtain feedback
- Implementation of procedures to follow-up on and address the issues identified in customer satisfaction surveys

These improvements have resulted in positive feedback from customers about OC Planning’s customer service. For example, during its review of customer satisfaction surveys, the follow-

up audit team noted positive comments from customers that included descriptions of OC Planning staff as being “courteous”, “professional”, “helpful”, “prompt”, “efficient”, and “responsive”. In addition, multiple customers specifically commended OC Planning on its marked improvement in the level of customer service provided over the last few years and praised Orange County as providing a high level of customer service compared to surrounding jurisdictions.

These efforts have also resulted in two major awards that recognize OC Planning’s customer service improvements: the 2011 Award of Merit from the Orange Section of the California Chapter of the American Planning Association, and the 2011 Merit Award from the California State Association of Counties.

### ***Training***

The 2009 audit found that staff training was limited. In its follow-up review, the audit team noted several improvements in this area. Interviews with OC Planning staff confirmed that participation in training opportunities is now encouraged, and the ability to attend training is highly valued for increasing staff knowledge and expanding skill sets. Examples of relevant training completed by OC Planning staff include California Building Officials (CALBO) courses, National Pollutant Distribution Elimination System (NPDES) certification, and Leadership Development Program (LDP) courses, as well as in-house training sessions facilitated by the County Building Official regarding changes to codes and regulations.

### ***Succession Planning***

The 2009 audit also found that there was little, if any, succession planning taking place to prepare for vacancies in key positions.

#### **Follow-Up Finding 1: OC Planning’s succession planning activities remain limited.**

OC Planning currently faces several challenges that make succession planning a necessity. One challenge is the impending retirement of key staff; another is that highly specialized areas (e.g., California Environmental Quality Act requirements) within OC Planning have only one experienced/trained staff person.

While OC Planning has increased training opportunities for staff and has established a successful volunteer internship program,<sup>11</sup> it has yet to develop a formal succession plan to

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<sup>11</sup> Since inception in early 2010, over 60 volunteer interns have worked over 5,700 hours in OC Planning.

ensure that the organization is prepared for potential retirements and other personnel separations.

**Follow-Up Recommendation 1: OC Planning should establish a formal transition/succession plan to prepare for the potential departure of key personnel. Specifically, OCPW/OC Planning should identify individuals with the potential to take on greater responsibility in the organization, and then establish and implement a plan to develop those individual's skill sets.**

Another issue that has impacted succession planning efforts is the difficulty in filling vacant positions in a timely manner.

**Follow-Up Finding 2: There are a number of long-term vacancies within OC Planning, which have led to increased workloads.**

While some positions have just recently become vacant (e.g., Office Technician, Administrative Manager II), there are others that have been vacant for over one year (e.g., the Engineering Technician II position was vacated in May 2010; Planner IV position vacated in February 2011).

This situation is not unique to OC Planning, but an issue throughout OCPW. Fortunately, this issue is currently being addressed by the interim OCPW Director who has dedicated additional resources to quickly move forward the recruitment process to fill vacancies. Before moving forward, OC Planning management should evaluate its current staffing complement, its current and anticipated workload, and the organizational changes proposed in this follow-up audit to ensure that each vacancy should be filled.

**Follow-Up Recommendation 2: OCPW should evaluate the necessity of each vacant position and promptly fill those that are warranted.**

### *APPS/Information Technology*

During the 2009 audit, the audit team identified several issues pertaining to APPS, a custom-developed application used by OC Planning staff to track permits and manage code enforcement cases, and by customers to view permit status, check balances, and schedule inspections. In response to the audit, OC Planning hired a consultant to conduct a comprehensive review of APPS to determine whether it should retain the system (with necessary modifications) or purchase and implement a replacement system. The consultant report concluded that OC Planning's issues with APPS were due primarily to problems with workflow processes and management practices, not necessarily the system itself. Therefore, the

consultant recommended that OC Planning continue to use APPS with appropriate modifications.

Accordingly, APPS has been retained and improved. Key improvements include the deletion of 89 unnecessary reports and the ability for customers to apply for seven different types of permits online such as air conditioning, water heater, and re-roofing permits.

### Organizational Structure

Subsequent to the 2009 audit, OC Planning made the following changes to its organizational structure:

- Established the OC Community Development section, which includes Current & Environmental Planning, the Building Official, Code Enforcement, Customer Care Permit Center, and County Property Permits
- Transferred Building & Safety Inspection services from OC Planning to OC Engineering
- Incorporated OC Agricultural Commissioner, OC Watersheds, and OC Planned Communities within the Planning department<sup>12</sup>

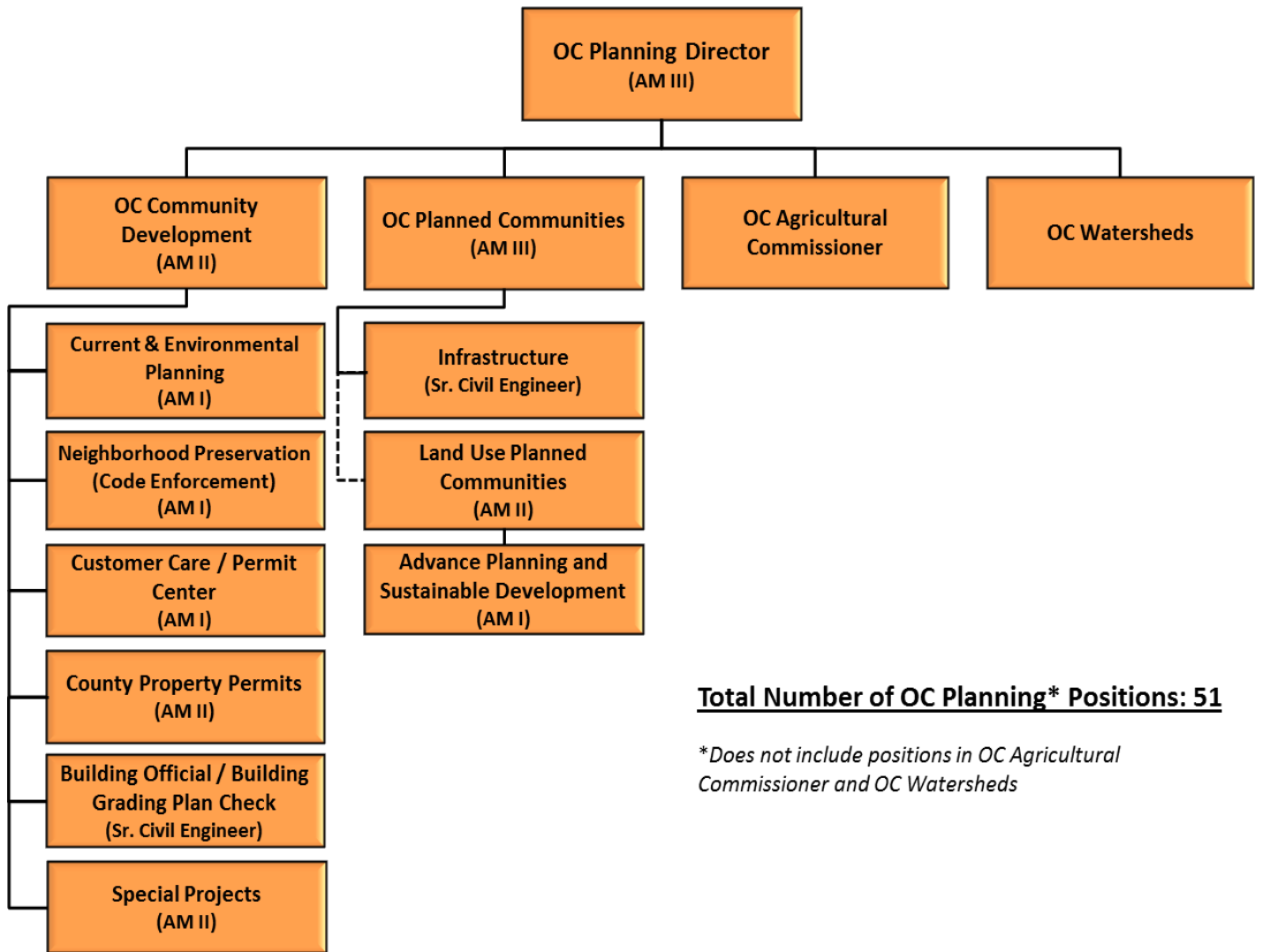
The current OC Planning organizational chart is shown on the following page.<sup>13</sup>

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<sup>12</sup> OC Agricultural Commissioner and OC Watersheds formerly reported directly to the OCPW Director; OC Planned Communities was part of OC Engineering.

<sup>13</sup> For reference, the organizational structure in place prior to the 2009 audit is included in Appendix B.

Current OC Planning Organizational Structure



**Total Number of OC Planning\* Positions: 51**

*\*Does not include positions in OC Agricultural Commissioner and OC Watersheds*

While some of the organizational changes described above have resulted in operational improvements to OC Planning, others have created inefficiencies or proved to be ineffective.

**Follow-Up Finding 3: The inclusion of the OC Agricultural Commissioner and OC Watersheds functions in OC Planning has created organizational inefficiencies.**

Prior to 2009, only planning-related activities were conducted in PDS. Post-audit, OCPW’s decision to incorporate the OC Agricultural Commissioner and OC Watersheds functions within OC Planning has resulted in little incremental value to the organization.

First, during multiple interviews, managers in OC Planning acknowledged that synergies among the planning functions (i.e., OC Community Development and OC Planned



Communities) and non-planning functions (i.e., OC Agricultural Commissioner, OC Watersheds) are minimal, and there is little interaction across these groups (e.g., OC Agricultural Commissioner does not collaborate regularly with the Planning functions, OC Watersheds does not collaborate regularly with OC Agricultural Commissioner). Second, coalescing functions under one umbrella requires a management position to lead the combined organization, creating an additional and unnecessary layer of management. Third, finding a director who is qualified to lead the combined organization (i.e., one with experience in all three disciplines) is a challenge. Overall, the addition of the OC Watersheds and OC Agricultural Commissioner functions has created inefficiencies related to approvals, communication, and coordination.

It should be noted that toward the end of this follow-up audit process, the interim OCPW Director took the first step in addressing this situation, moving the OC Watersheds function under the OC Engineering/OC Flood section because of the synergies between the two functions.

**Follow-Up Recommendation 3: OCPW should move the OC Agricultural Commissioner function out of OC Planning.**

**Follow-Up Finding 4: The organizational structure of the OC Community Development and the OC Planned Communities sections can be streamlined to allow for more efficient management of resources.**

In its examination of the planning-related functions within OC Planning (OC Community Development and OC Planned Communities), the audit team identified opportunities to improve operational efficiencies by restructuring the organization in the following ways:

- **Align the two permit units under one manager.** Currently, within the OC Community Development section, one managerial position oversees the County Property Permits unit, which issues permits for development on County property; another managerial position oversees the Customer Care unit, which is responsible for issuing permits for private developments. Both of these units are physically located in the same location, the Development Processing Center. While the types of permits issued by these two groups are different, and they have different customers, the general objectives are the same (e.g., processing and issuance of permits, while providing good customer service). In addition, both management positions currently have narrow spans of control; the County Property Permits manager has one direct report and the Customer Care

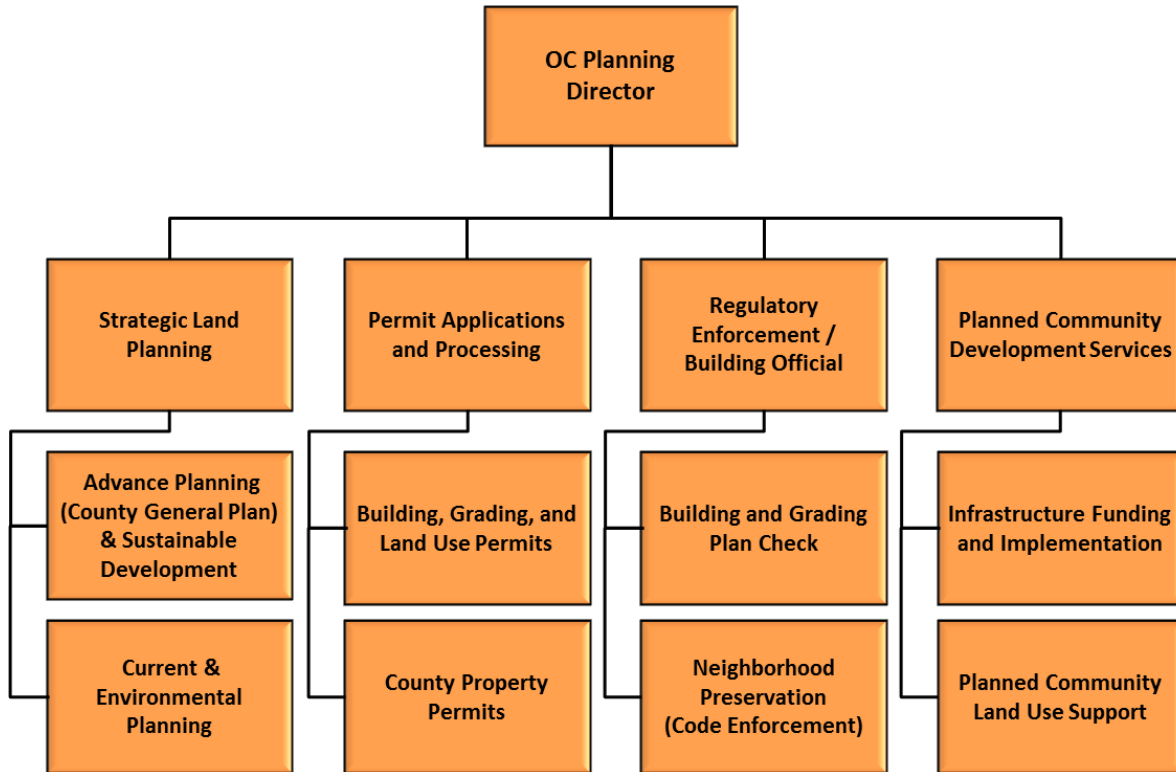
manager position has two direct reports. Aligning these functions under one manager improves span of control and enables the deletion of one management position.

- **Align the two regulatory enforcement units under the Building Official.** There are apparent synergies between the Building and Grading Plan Check unit and the Neighborhood Preservation (Code Enforcement) unit, as each unit has a primary focus on regulatory enforcement related to building codes. Combining these two units under one manager promotes efficiencies such as consistency, communication, and knowledge transfer.
- **Align the two land use planning units under one manager.** The Advance Planning & Sustainable Development unit is responsible for maintaining the County of Orange General Plan and Zoning Code for the unincorporated areas. This unit is responsible for preparation of the County Housing Element and for serving as a liaison to the Southern California Association of Governments (SCAG). All of these documents represent the approved long term strategic development parameters for the County's unincorporated territory. The Current & Environmental Planning unit is responsible for evaluating current development proposals for their consistency with the General and Specific Plans. These units should logically be under the same manager.
- **Transfer the Special Projects position out of OC Planning to report directly to the OCPW Director.** The Special Projects position was a recent addition to the OC Planning organizational structure. In a special projects role, this position works on projects on an as-needed basis. Since the need for such projects is not continuous, this position should be moved back to its previous location as a direct report to the OCPW Director so that it can be utilized for projects across the OCPW organization.

**Follow-Up Recommendation 4: OC Planning should streamline its organizational structure by (a) aligning its permit units under one manager, (b) aligning the Building and Grading Plan Check and Neighborhood Preservation (Code Enforcement) units under the Building Official, (c) aligning the Advance Planning & Sustainable Development and Current & Environmental Planning units under one manager, and (d) transferring the Special Projects position out of OC Planning to report directly to the OCPW Director.**

The organizational structure on the following page reflects the recommended changes discussed in this section of the report.

**Proposed OC Planning Organizational Structure**



**Total Number of Positions: 48**

In addition to the transfer of the Special Projects Manager out of OC Planning, under this recommended structure, two management positions would no longer be required: the Current & Environmental Planning Manager<sup>14</sup> (Administrative Manager I) and the Customer Care Unit Manager<sup>15</sup> (Administrative Manager I). A crosswalk of the proposed organizational changes is included in Appendix C.

**Human Resources Practices**

The 2009 audit documented a problematic organizational culture within PDS that had developed due to a lack of management attention. In response, OC Planning installed a new management team and established a new mission statement built upon the provision of quality customer service, which has led to an improved organizational culture. The follow-up audit team found that this new culture contributed to improved customer service, better training

<sup>14</sup> Current & Environmental Planners would report directly to the Strategic Land Planning Manager.

<sup>15</sup> Subordinate staff (i.e., Staff Specialists) would report directly to the Permit Applications and Processing Manager.

opportunities for staff, significant improvement in regulatory enforcement operations (i.e., Building Official, B&S Inspection, Neighborhood Preservation/Code Enforcement), and the establishment of a new fee structure.

Notwithstanding these noteworthy accomplishments, the follow-up audit team identified human resources-related issues that OC Planning management must address, as they are detrimental to the organizational culture OC Planning has labored to build.

**Follow-Up Finding 5: OCPW/OC Planning has utilized questionable human resources practices to bring about desired change.**

In three cases, OCPW/Human Resources did not open recruitments for specific managerial vacancies within OC Planning but instead used hiring lists for unrelated vacancies in other parts of the OCPW. Specifically:

- The hiring list for an Asset Manager (Administrative Manager I) vacancy in OCPW/Real Estate was used to promote a Planner IV employee to Administrative Manager I in OC Planning/Customer Care.
- The hiring list for the Building & Safety Inspection Manager (Administrative Manager II position within OC Planning/Inspection) was used to fill an Administrative Manager II vacancy in OC Planning/OC Community Development.
- This same hiring list for the Building & Safety Inspection Manager (Administrative Manager II position within OC Planning/Inspection) was used to fill another Administrative Manager II vacancy in OC Planning/OC Planned Communities.

The County's Selection Rules allow an agency/department to use existing hiring lists from "...related classes, provided that the required qualifications of the related classes are at least equivalent to those of the class in which the vacancy exists..." The spirit and intent of this rule is to allow an agency/department to make use of an existing hiring list for a directly related skill set (e.g., using a previously established hiring list for a budget manager in one location to hire for a budget manager position in another location) to save time and resources by not having to go through the full recruitment process.

In the three cases mentioned above, OC Planning should not have used unrelated hiring lists for position vacancies in other parts of OCPW to fill its vacancies because the job duties were sufficiently different (e.g., an Asset Manager's job duties are different from a Customer Care manager's job duties). When this type of misapplication of the Selection Rules occurs, a number of negative consequences can result, the most important being the lack of competition for a position—a violation of governmental hiring protocol. As a result, potential, qualified

candidates were excluded from competing for the vacancies in OC Planning because a recruitment was never opened for those positions<sup>16</sup>.

In addition, during interviews, OCPW management and staff indicated that the inappropriate use of hiring lists is thought to be pervasive throughout OCPW—and possibly Countywide—and acknowledged that some employees apply for jobs they do not want, simply to get on a hiring list for a specific classification level.

Another questionable human resources practice within OC Planning was the reclassification of a Planner IV position to a higher level (Administrative Manager I) without the required classification study being conducted to justify the action.

**Follow-Up Recommendation 5: The Human Resources Department should (a) re-communicate the selection rule pertaining to the use of alternating hiring lists to human resources staff Countywide, and (b) monitor and approve all personnel actions for OC Planning over the next six months to ensure that all personnel transactions are processed according to County administrative policies and procedures.**

In addition to the issues related to recruitments described above, OC Planning continues to struggle with how it handles employee performance issues. During the 2009 audit, PDS management readily admitted that ongoing and substantial staff performance deficiencies were not formally addressed. In an effort to ascertain OC Planning's efforts at improving this area, the follow-up audit team examined staff performance evaluations and reviewed disciplinary documents completed after the 2009 audit. While this review clearly indicates a substantial improvement in management's overall attention to employee performance issues, it also revealed some critical deficiencies in the manner in which management addressed some of these performance issues.

**Follow-Up Finding 6: The quality and adequacy of employee performance evaluations and other related documents are inconsistent, with some documents being well-prepared and others substantially lacking in accuracy.**

During the course of its review of employee performance evaluations and employee discipline documents, the audit team found that the quality of these documents was mixed. Many performance evaluations and disciplinary documents were well-written, professional, and balanced. However, other documents were significantly deficient in the following ways:

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<sup>16</sup> It should be emphasized that it is the procedure in which OCPW hired these managers that is the issue, not the individual skill sets or performance of these individuals.

- In some performance evaluations, the overall performance rating (e.g., Needs Improvement, Meets Expectations, Exceeds Expectations) did not match the corresponding text which described the performance. For example, in one instance, substantial performance deficiencies were identified and disciplinary action was taken during the performance period, only for the employee to receive an overall “Meets Expectations” performance rating on his/her evaluation.
- Some disciplinary documents were poorly written and contained several deficiencies, including the inclusion of inaccurate information, the inclusion of extraneous information, and the omission of exculpatory information.

In addition to the above issues related to performance evaluations and discipline documentation, the follow-up audit team also found that, in some cases, the discipline imposed did not match the severity of the employee’s actions.

**Follow-Up Recommendation 6: (a) Given the significant nature of the deficiencies identified by the audit team, the Human Resources Department should review these personnel actions and determine whether additional follow-up is required; (b) Additional human resources training should be provided to both OCPW/HR staff and line management in the writing of adequate performance evaluations and the evaluation and administration of employee discipline.**

### Performance Measurement

In 2009, the audit cited PDS’ performance measurement capability as inadequate because specific performance metrics were lacking. In response, OC Planning management established more specific performance metrics and incorporated them into OCPW’s Balanced Scorecard. The new measures, specific to OC Planning, include:

- 1) **Customer Satisfaction** – The percentage of OC Planning customer surveys with a “Very Satisfied” or “Mostly Satisfied” response
- 2) **Code Enforcement Case Response Time** – The percentage of code violations responded to within 3 business days
- 3) **Permit Plan Submission Response Time** – The percentage of discretionary permit plan submittals responded to within 30 days
- 4) **Plan Check Review Completion Time** – The percentage of plan check reviews completed within target

The table below summarizes the results of OC Planning’s efforts at measuring its performance during the follow-up period.

| <b>Performance Measure</b>   | <b>Target</b> | <b>FY 2009/10 Results</b> | <b>FY 2010/11 Anticipated Results</b> |
|--|---------------|---------------------------|---------------------------------------|
| <b>Customer Satisfaction</b>   | 98%           | 97%                       | 98%                                   |
| <b>Neighborhood Preservation (Code Enforcement) Case Response Time</b> | 95%           | 74%                       | 95%                                   |
| <b>Permit Plan Submission Response Time</b>                            | 90%           | 100%                      | 95%                                   |
| <b>Plan Check Review Completion Time</b>                               | 97%           | 99%                       | 99%                                   |

As illustrated, OC Planning exceeded or nearly met its performance targets for three of the four measures in FY 2009/10: Permit Plan Submission Response Time, Plan Check Review Completion Time, and Customer Satisfaction. Neighborhood Preservation Case Response Time performance was 21% below target in FY 2009/10 due to the lack of accountability for achieving a response target (i.e., there was a target, but it was never enforced). Since that time, OC Planning has more actively managed its response time to code enforcement cases, and as a result, OC Planning expects to meet its target percentage in FY 2010/11.

**Regulatory Enforcement**

The 2009 audit identified several performance deficiencies related to regulatory enforcement activities (i.e., the Building Official, Code Enforcement, and Building & Safety Inspection). At the time of the 2009 audit, the Building Official position, mandated by the California Building Code and County ordinances, was utilized inappropriately and ineffectively; Code Enforcement was not charging all fees (i.e., double fees for work done prior to permit issuance) according to County Ordinance;<sup>17</sup> and the B&S Inspection function had a number of deficiencies, including the failure to prove that all mandated inspections were being performed (i.e., National Pollutant Distribution Elimination System, Oil Well).

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<sup>17</sup> County Ordinance 11-001 Section 109.2 paragraph 2 states that “Failure to pay fees and obtain a permit before commencing work shall be deemed a violation of this Code, except when it can be proven to the satisfaction of the Building Official that an emergency existed which made it impractical to first obtain a permit. A violation shall result in an assessment of double fees for work done prior to permit issuance. Payment of a double fee shall not relieve any person from fully complying with the requirements of the Code nor from any other penalties prescribed herein.”

During the follow-up period, OC Planning has made significant progress in addressing its regulatory enforcement deficiencies, as described in the sections that follow.

### **Building Official**

The California Building Code and County ordinances require that a Building Official position be in place to enforce all the provisions of the Building Code and County ordinances. During the 2009 audit, the Building Official position was only being used on a part-time basis and strictly in an advisory capacity. The underutilization of the Building Official caused a number of problems within PDS, as well as frustration among local city planning agencies from the lack of regional planning leadership provided by PDS.

Since the audit, OC Planning has hired a new Building Official to perform the position's mandated activities<sup>18</sup> on a full-time basis. The assigned Building Official has a significant amount of related experience (30+ years) and is active on several code committees (e.g., International Code Council, Energy Commitment and Code Committee). In addition to overseeing technical planning issues related to building/grading codes and regulations, the Building Official provides weekly training to staff. Overall, the hiring of a full-time Building Official has been an improvement for OC Planning.

### **Neighborhood Preservation (Code Enforcement)**

The 2009 audit identified problems with code enforcement practices which contributed to an increased risk of public health and safety issues. One issue was PDS management's failure to address known confusion among inspectors about reporting unsafe conditions noted on properties other than the properties listed on their daily inspection assignments. Another issue was that OC Planning did not assess all chargeable fees per County ordinance, thereby missing revenue opportunities.<sup>19</sup>

Based on follow-up interviews with staff and a review of fee data maintained in APPS, the audit team found that the Code Enforcement (Neighborhood Preservation) function has improved significantly since the 2009 audit. For example, OC Planning management clarified the appropriate process for reporting unsafe conditions and adopted a more proactive approach in

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<sup>18</sup> California Health and Safety Code, Section 18949.27 defines the Building Official as "the individual invested with the responsibility for overseeing local code enforcement activities, including administration of the building department, interpretation of code requirements, and direction of the code adoption process."

<sup>19</sup> When OC Planning receives a building application for the purpose of legitimizing an unpermitted structure, typically as a result of a code enforcement activity, the permit fee for the inspection is charged double the standard fee at the time of permit issuance.



the community, including organizing activities such as clean up days in various unincorporated areas. In addition, OC Planning is now charging fees in accordance with County ordinance.<sup>20</sup>

### **Building & Safety Inspection**

In 2009, the audit team identified several operational deficiencies/lost revenue opportunities in the area of inspection, including:

- PDS was not able to demonstrate that all National Pollutant Distribution Elimination System (NPDES) inspections were performed as required, nor was there anyone in the department who fully understood the NPDES inspection requirements and implementation activities.
- Management did not utilize the data in APPS to track NPDES inspection compliance.
- Annual oil well inspections were not performed as required<sup>21</sup>.

To address these issues, OCPW took several actions. First, Building & Safety Inspection was moved from OC Planning to OC Engineering and combined with the Construction Inspection function. This integration of inspection services has allowed for cross training of inspection staff and more flexible use of inspection resources.

Another action was the development of a 14-session training program for all County inspectors that covers such topics as Standard Specifications for Public Works Inspection “Greenbook” Sections 1-9, OCPW Standard Plans, NPDES Inspection, and the Code of Safe Practice. In addition to the in-house training program, B&S Inspectors also completed various certification courses including:

- National Pollutant Distribution Elimination System (NPDES)
- California Building Officials (CALBO)
- International Code Council (ICC)
- Safety Assessment Program (SAP)
- Federal Emergency Management Agency (FEMA)

As a result of management’s support for greater staff development, in combination with a proactive approach to addressing specific issues discussed in the 2009 audit, B&S Inspection is now up to date with NPDES inspection reporting, maintaining the following documentation:

- Inspection reports

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<sup>20</sup> In FY 2009/10 and FY 2010/11, the revenue generated from charging double fees was \$47,000 and \$60,000, respectively.

<sup>21</sup> Per Orange County Oil Code, Section 7-8-33 (c).

- Inspection logs for each project
- Quarterly and annual summary reports
- Inspection data from APPS

To address the oil well inspection issue raised in the 2009 audit, OC Planning proposed, and the Board approved, an increase to oil well inspection fees as part of the new Building and Planning Fee Ordinance to cover the full cost of performing the inspections. The oil well inspection fees are currently charged an annual flat rate of \$165 for the first oil well and \$55 for each additional well.<sup>22</sup>

## CONCLUSION

Overall, as a result of the Board Subcommittee's leadership and OCPW/OC Planning's management and staff's commitment to change, there has been substantial progress in addressing the vast majority of the 2009 performance audit findings and recommendations. The improvement in customer service, in particular, is a major accomplishment. All data points from this follow-up audit indicate that there is a cohesive focus on providing improved customer service and that this accomplishment is a source of pride among managers and staff at all levels. It should also be acknowledged in this report that such a turnaround in customer service could not have been achieved without the buy-in, participation, energy, and enthusiasm of all staff, as well as the support from the Board in recognizing the need to allocate additional resources to OC Planning to enhance its operations.

While the vast majority of 2009 audit findings and recommendations have been addressed, the follow-up audit team identified some issues which require remediation within the next three to six months. These items, identified as findings in this report, are related to OC Planning's succession planning, staffing, organizational structure, and human resources practices.

In closing, the audit team would like to thank OCPW and OC Planning for its cooperation throughout this process. We would also like to express our appreciation to Auditor-Controller and CEO/Budget staff for their input and to OC Planning's external stakeholders for their valuable feedback.

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<sup>22</sup> Prior to this change, the rate charged was \$36 per oil well.

**APPENDICES**

***APPENDIX A: Progress in Addressing 2009 Audit Findings/Recommendations***

| Initial Audit Finding |   | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |   |
|-----------------------|---|------------------------------|--|--|---|
| 1                     | There is no uniformly articulated and accepted mission that guides PDS activities.  | 1                            | The new PDS Director must formally adopt a mission for the organization, communicate it to all staff and the public, and be actively involved by taking concrete steps to align the current organization with the agreed upon mission. | 1  | <b>FULLY ADDRESSED</b><br>The Board approved OC Planning's Vision, Mission, and Values in March 2010. Vision: <i>"To keep Orange County an exceptional community to live and work"</i> ; Mission: <i>"To serve first"</i> ; Values: <i>"To provide our customers with efficient, timely and cost-effective services of superior quality"</i> .  |
| 2                     | Executive Management has been disconnected from day-to-day operations.  | 2                            | The PDS Director should adopt a new approach to managing PDS, one that is proactive, strategically aligned, involved in day-to-day operations, sensitive to customer service, and collaborative with line staff.                       | 2  | <b>FULLY ADDRESSED</b><br>There has been a notable improvement in management's involvement in day-to-day operations of OC Planning. Follow-up observations and discussions with various staff confirm new management is more involved, accessible, and supportive, which has created a more positive work environment.  |
| 3                     | The PDS organizational culture has impeded the achievement of the organization's mission and the provision of quality customer service. | 3                            | The PDS Director must establish an intentional organizational culture built upon chosen core values and aligned with the formally articulated mission.   | 3  | <b>PARTIALLY ADDRESSED</b><br>The organizational culture of OC Planning has changed significantly since the initial audit. On the positive side, there has been a drastic improvement in customer service and a new fee structure was established and implemented. On the negative side, OCPW utilizes a less than effective organizational structure and has employed some questionable HR practices to bring about desired change.<br><br>See the report section <b>Human Resources Practices</b> for more details. |

| Initial Audit Finding |   | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |   |
|-----------------------|---|------------------------------|---|--|---|
| 4                     | Management has generally neglected its responsibility to address employee performance deficiencies.                           | 4                            | Throughout PDS, performance standards should be established, communicated, and enforced. When basic performance expectations are not met, employee training, counseling, and then discipline should occur. The PDS Director should serve as the pre-disciplinary hearing officer in all cases except for direct reports.  | 4  | <p><b>PARTIALLY ADDRESSED</b></p> <p>OC Planning has demonstrated an increased effort in addressing employee performance issues. However, the audit team also identified employee performance/discipline documentation that was lacking in accuracy.</p> <p>For more information about this area see follow-up report section <b>Human Resources Practices</b>.</p>   |
| 5                     | Transition/Succession Planning activities have been largely inadequate.   | 5                            | First, determine the base level of staffing needed to ensure an acceptable level of customer service. Second, identify those employees who may be retiring in the short or medium-term. For each of the positions, identify the knowledge, skills, and abilities required, and determine if any current employee(s) can fill these positions. If not, either train existing staff or examine recruitment options. | 5  | <p><b>PARTIALLY ADDRESSED</b></p> <p>OCPW/OC Planning has partially addressed this issue by increasing staff development efforts. However, there is still no formal plan in place to prepare for retirements in OC Planning.</p> <p>See follow-up report section <b>Succession Planning</b> for details about this issue.</p>   |
| 6                     | Executive Management has dismissed information and failed to implement recommendations from previous paid consultant reports. | 6                            | Consultants should be hired only if there are opportunities for them to add significant value and advice, and only if leadership will be receptive to the advice, especially when these findings and recommendations are strongly supported by operational realities.   | 6  | <p><b>FULLY ADDRESSED</b></p> <p>Subsequent to the 2009 Performance Audit, OC Planning hired two consultants to conduct a review of its computer system (APPS) to determine whether the system should be retained or replaced, and to evaluate and revise the T&amp;M fee structure.</p> <p>The follow-up audit team found that OC Planning management has actively utilized these reports to implement a number of positive changes.</p> |

| Initial Audit Finding |  | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |   |
|-----------------------|--|------------------------------|--|--|---|
| 7                     | PDS Management has failed to prepare, in advance, adequate contingency plans to guide staffing decisions made in response to financial shortfalls. As a result, some of the recent decisions to transfer staff were made without a complete, well-documented assessment of the negative impacts to customer service. | 7                            | PDS needs to determine, with CEO concurrence, the minimum level of staffing needed to meet basic operational requirements and to provide a baseline level of customer service. Once this minimum level of staffing is established, PDS should formally prepare contingency plans to prepare for future financial shortfalls. | 7  | <b>FULLY ADDRESSED</b><br>OC Planning management has determined the optimal mix of County and contract staff. In addition, management has also established cooperative working relationships throughout OCPW to assist in downsizing efforts that might be required.  |
| 8                     | Recent external customer and internal employee surveys indicate significant weaknesses in the provision of customer service.   |                              | No Recommendation  | 8  | <b>FULLY ADDRESSED</b><br>Customer service is now a top priority for OC Planning and several steps have been taken to improve the provision of customer service during the follow-up period.<br><br>For details about the improvements made to customer service, see the report section <b>Customer Service</b> .   |
| 9                     | The Customer Service Plan approved by the OCPW Director was not fully implemented.   | 9.1                          | PDS Management should completely reevaluate and redesign a Customer Service Plan that will work efficiently and effectively for PDS. This would include developing an adequate tracking system for customer comments and complaints, a timely follow-up process, and adequate reporting tools.                               | 9  | <b>FULLY ADDRESSED</b><br>OC Planning has made significant improvements to the organization's provision of customer service including: (1) the establishment of the Customer Care Unit and (2) implementation of processes to track customer wait times and follow-up with customer complaints.<br><br>In addition, OC Planning has provided multiple training opportunities to Customer Care Unit staff and the full-time Building Official also provides in-house training to keep staff up to date with changes to codes/regulations.<br><br>For details about changes to customer service and training opportunities, see the follow-up report sections <b>Customer Service</b> and <b>Training</b> . |
|                       |  | 9.2                          | PDS should ensure that the Customer Service Representative (CSR) is properly trained to perform the required responsibilities, and is informed of any operational changes that may affect the information provided to the public.  |  |   |
|                       |  | 9.3                          | PDS should ensure that all complaints are provided to and tracked by the CSR in a timely fashion.  |  |   |

| Initial Audit Finding |  | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |  |
|-----------------------|--|------------------------------|--|--|--|
| <b>10</b>             | PDS has not updated the CEO's Customer Care Tracking System as required.                             | <b>10</b>                    | PDS Management should review the CEO's Customer Care Tracking System reporting requirements and establish procedures to ensure the system is updated as required. PDS should designate the CSR as the central clearinghouse for all comments and complaints.   | <b>10</b>                                | <b>NO LONGER APPLICABLE</b><br>All public counter services were relocated to the Development Processing Center. A customer satisfaction survey is available online and customers may submit comments or complaints, all of which are reviewed by Customer Care Unit staff.   |
| <b>11</b>             | A formal post-implementation evaluation of the PDS "Project Manager" concept has not been conducted. | <b>11</b>                    | PDS should re-examine the "Project Manager" concept and its current processes. If PDS determines that the "Project Manager" concept is appropriate after this review, staff should be provided adequate training to ensure it is successful. On an ongoing basis, PDS should perform an evaluation of the concept in coordination with a review of customer service comments and complaints to determine whether modifications are needed to meet the intended business objective. | <b>11</b>                                | <b>NO LONGER APPLICABLE</b><br>OC Planning management determined that the Project Manager concept was not effective. Customers are introduced to the planning process through the Customer Care Unit. Once the permit process has been initiated, customer's will work with various OC Planning staff as the status of their permit(s) progresses. |
| <b>12</b>             | The process for tracking and monitoring discretionary planning applications has been inadequate.     | <b>12</b>                    | PDS should continue efforts to improve the tracking and monitoring of planning applications through the APPS system.   | <b>12</b>                                | <b>FULLY ADDRESSED</b><br>The tracking of discretionary planning applications and permits in APPS has improved since the 2009 performance audit. Discretionary permit applications are received at the Customer Care Unit and the progress of each is tracked in APPS by both County Planning staff and contract plan checkers.                    |

| Initial Audit Finding |   | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |   |
|-----------------------|---|------------------------------|---|--|---|
| 13                    | Deposit refunds are not always processed in a timely manner.  | 13                           | In the short term, the PDS Inspection Manager should perform the close-complete process in addition to approving the final permit to expedite the refund process. In the long term, PDS should establish appropriate performance standards to track, monitor, and assign appropriate level staff to perform this process in a timely fashion. | 13                                       | <p>FULLY ADDRESSED</p> <p>The follow-up audit team verified that deposit refunds are now processed in a timely manner.</p>  |
| 14                    | PDS has not established adequate performance measures to ensure quality customer service and improve operational effectiveness. | 14                           | PDS should move forward quickly to implement the balanced scorecard in order to establish measure that comprehensively and sufficiently track and report operational effectiveness. A detailed balanced scorecard sample of performance measures from a benchmark jurisdiction is provided in Exhibit 3 of the 2009 performance audit report. | 14                                       | <p>FULLY ADDRESSED</p> <p>OC Planning has implemented performance measures as part of OCPW's Balanced Scorecard for customer service, code enforcement case response, permit plan submission response, plan check review target completion.</p> <p>For more information about OC Planning's performance, see the report section <b>Performance Measurement</b>.</p> |
| 15                    | Customer wait times at the public counter are not monitored.  | 15                           | PDS should establish appropriate wait times for DPC customers and require counter staff to document the time each customer was seen on the sign-in sheet in order for PDS management to monitor whether current staffing is sufficient to meet this goal.   | 15                                       | <p>FULLY ADDRESSED</p> <p>Follow-up audit fieldwork confirms that customer wait times are now monitored and significant improvements have been made in the provision of timely customer service.</p>  |

| Initial Audit Finding |  | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |  |
|-----------------------|--|------------------------------|--|--|--|
| 16                    | PDS does not consistently meet the established performance goal of a one business day turnaround for completing inspections. | 16                           | PDS should take the necessary actions to meet the organization's performance goal of a one-day turnaround for inspection requests. In addition, inspector's schedules should be adjusted to avoid creating days (e.g., Fridays) with significantly reduced staffing. | 16                                       | <p>Inspection management has analyzed historical inspection workloads and established appropriate performance expectations for Building &amp; Safety Inspectors. Inspection management then revised work schedules to ensure sufficient coverage throughout the work week.</p> <p>Tracking and monitoring of inspection performance has significantly improved since the initial audit. Periodic audits of inspections are conducted to ensure consistency and customer satisfaction. As of March 2012, all audit inspections conducted by supervisors have had positive results.</p> <p>In anticipation of increased workloads from new developments, inspectors are being cross-trained (i.e., Construction Inspectors being cross-trained to perform Building &amp; Safety inspections) to provide additional support when necessary.</p> |
| 17                    | Plan check performance measurement data is not accurate.   | 17                           | PDS should ensure that consultant performance may be accurately monitored through APPS, and that performance outcomes are accurately reported in reports to the public and CEO in business plans.  | 17                                       | <p>Plan check performance is now part of the OCPW's Balanced Scorecard performance measures. In addition, consultant plan checkers are now all located on site and track their work in APPS.</p> <p>For additional information, see follow-up report section <b>Performance Measurement</b>.</p>   |



| Initial Audit Finding |   | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |                 |  |
|-----------------------|---|------------------------------|---|--|-----------------|--|
| 18                    | There are no regular quality assurance reviews performed of consultant work to ensure compliance with the applicable Building Codes, adopted County Ordinances, Specific Zoning Codes, or contractually-required work turnaround times. | 18.1                         | PDS should continue the recently-implemented quality control reviews of consultant work. The Building Official can and should be used to assist in these quality control efforts.   | 18                                       | FULLY ADDRESSED | Following the 2009 audit, consultants were stationed on site and now record their work in APPS. This data is used to track plan check performance measures, which is part of OCPW's Balanced Scorecard. The Building Official stated that periodic reviews of consultant work are conducted. |
|                       |   | 18.2                         | PDS should continue its efforts to enhance the APPS application to monitor and report consultant performance. PDS should periodically perform random evaluations of consultant turnaround times through review of correction lists or other data to confirm consultants are performing as required. This performance monitoring should also consider customer complaints received by the Customer Sales Representative. |  |                 |  |
| 19                    | One consultant firm did not have adequate support for some hours billed to PDS customers for plan check services.   | 19.1                         | PDS should ensure the consultant provides documented support for any future work hours billed for services provided to JWA before final payment is made.  | 19                                       | FULLY ADDRESSED | Consultants now record their work in APPS. OCPW/Auditor-Controller staff now reviews consultant invoices and reconciles the information to data tracked in APPS to ensure all hours billed are accurate.   |
|                       | No Recommendation 19.2  | 19.2                         | PDS should perform periodic reviews of time records for all consultants to ensure the appropriateness of billed plan check hours, not only for larger projects such as the JWA terminal, but also for smaller PDS customers whose projects are reviewed by a plan check consultant.   |  |                 |  |

| Initial Audit Finding |  | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |  |
|-----------------------|--|------------------------------|---|--|--|
| 20.1                  | PDS Management has been unable to reach consensus on what information is needed from APPS to effectively monitor operations. | 20.1                         | PDS Management and IT staff should determine the specific information needed to effectively measure/monitor workload and performance, and ensure that this information is accurately tracked in the APPS system.  | 20.1                                     | <b>FULLY ADDRESSED</b><br>There are several reports available in APPS. Following the 2009 audit, OCPW/IT deleted 89 unnecessary reports in the system and can now provide OC Planning with an Excel file that includes raw data that can be manipulated by OC Planning staff to create a specific report, if one does not already exist.   |
| 20.2                  | Many technological enhancements to APPS were never implemented due to monetary constraints.                                  | 20.2                         | PDS should formally assign one PDS employee to be the lead on the management of the APPS application. This employee should be adequately trained on the APPS application and work as a liaison between PDS and OCPW/IT. Any ad-hoc reports or system enhancements should be reviewed by this APPS lead person on a case-by-case basis before sending them to IT for creation.   | 20.2                                     | <b>FULLY ADDRESSED</b><br>OC Planning hired a consultant to conduct a review of APPS and determine whether the system should be retained (with modifications) or replaced by a new system. As a result, APPS has been retained and several modifications have been implemented. OCPW/IT staff continues to address APPS break fixes, implement system enhancements, and address service requests submitted by staff.<br><br>For details, see the report section <b>APPS/Information Technology</b> . |
| 20.3                  | The lone APPS IT analyst does not bill time to PDS, but rather to OCPW/Administration as a whole.                            | 20.3                         | PDS should evaluate APPS ongoing support needs as well as planned enhancements in order to determine a realistic budget for these services that may be included when determining billable rates. PDS should also consider establishing surcharge (as has been done in other benchmark jurisdictions) for each permit issued, based on a percentage of permit costs, which can be used to directly fund APPS IT support. | 20.3                                     | <b>FULLY ADDRESSED</b><br>Multiple OCPW/IT staff now bill time according to specific job codes that identify time spent working on OC Planning activities such as APPS.  |
|                       | No Audit Finding   | 20.4                         | Given current financial constraints, PDS should: (1) in the short term, pursue cost effective modifications to APPS that will streamline the user interface for management, and (2) in the medium/long term, prepare a thorough comparison of costs and capabilities resulting from the retention and/or enhancement of APPS versus the purchase and implementation of a replacement system.                            |  |  |

| Initial Audit Finding |   | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |   |
|-----------------------|---|------------------------------|---|--|---|
| 21                    | The Building Official position has been utilized inappropriately and ineffectively by PDS.  | 21                           | PDS should ensure that a Building Official is available on a full time basis in the appropriate organizational capacity to establish, direct and enforce all provisions of the building codes and County ordinances. The Building Official position should report directly to the PDS Director to ensure these requirements are interpreted by an independent, qualified employee in a timely manner. | 21                                       | <p>OC Planning has hired a full-time Building Official who performs responsibilities as required by codes and regulations.</p> <p>See the report section <b>Regulatory Enforcement - Building Official</b> for details.</p>   |
| 22.1                  | Management has failed to adequately address known confusion among inspectors in regard to the reporting of unsafe conditions noted on properties other than those listed on their daily inspection assignments. | 22.1                         | PDS should clarify and formally notify inspectors that significant unsafe building conditions observed during the course of their assigned duties must be reported to Code Enforcement, regardless of where the unsafe condition exists. PDS should also ensure compliance with this policy.  | 22.1                                     | <p>Staff has received training on the proper reporting procedures for all unsafe conditions.</p> <p>See the report section <b>Regulatory Enforcement - Building &amp; Safety Inspection</b> for details.</p>  |
| 22.2                  | PDS does not assess double fees for inspections per County Ordinance.   | 22.2                         | PDS should ensure that all Code Enforcement fees allowable or required by County ordinances are charged and collected.  | 22.2                                     | <p>The audit team verified that OC Planning now charges double fees for work performed prior to obtaining a permit, as required by County ordinances.</p> <p>See the report section <b>Regulatory Enforcement - Neighborhood Preservation (Code Enforcement)</b> for details.</p>   |
| 22.3                  | PDS does not charge a Special Investigation fee for investigations on unpermitted building structures.  |                              | No Recommendation   | 22.3                                     | <p>OC Planning charges a Special Investigation fee for requests involving Family Day Care, Sober Living Inspections, Fire Investigation, Special Water Quality Review, and other annual inspections. For example, OC Inspection conducts inspections of Sober Living Facilities for the purpose of annual facility certification by the State. The fee is charged when the request for such Special Investigations is received.</p> |

| Initial Audit Finding |   | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |  |
|-----------------------|---|------------------------------|--|--|--|
| <b>23</b>             | PDS is unable to demonstrate that all NPDES inspections are performed as required by the San Diego and Santa Ana Regional Water Quality Control Boards.   | <b>23</b>                    | PDS should immediately determine if any NPDES inspections from the most recent rainy season have not occurred. In addition, PDS should ensure that all required NPDES inspections are performed and documented accurately in the future. The APPS system reports should be used to record and monitor this activity.   | <b>23</b>                                | <p><b>FULLY ADDRESSED</b></p> <p>Data for NPDES inspections is maintained in APPS. This data is monitored by Inspection management to ensure compliance with all requirements. OC Planning is up to date with all required NPDES inspections.</p> <p>See the follow-up report section <b>Regulatory Enforcement - Building &amp; Safety Inspection</b>.</p>                              |
| <b>24</b>             | PDS has discontinued the performance of required oil well inspections up until early 2009 because the flat fee assessed was insufficient to achieve full cost recovery.   | <b>24</b>                    | PDS should ensure that oil well inspections are performed as required annually. The oil well inspection fee should be reviewed and revised to appropriately cover the cost of performing this mandated inspection, per the Board policy of full cost recovery. If the fee cannot be adjusted, PDS should pursue General Fund revenue to support this County-wide public safety responsibility. | <b>24</b>                                | <p><b>FULLY ADDRESSED</b></p> <p>Oil well inspections are performed as required and the fees have been adjusted to cover the cost of performing these inspections.</p> <p>See the follow-up report section <b>Regulatory Enforcement - Building &amp; Safety Inspection</b>.</p>   |
| <b>25.1</b>           | The T&M billing rate calculation does not build in an estimate of the time necessary to perform customer service activities. As a result, there is a disincentive for staff to spend time on non-billable activities such as preparing and communicating thorough, helpful information to the public regarding PDS' permitting process. | <b>25.1</b>                  | PDS should establish estimates of staff time needed to perform customer service activities, assign these tasks to specific personnel, and monitor these activities to ensure they are performed as required. This will require a predetermined amount of non-billable hours included as overhead in the billable rate.   | <b>25.1</b>                              | <p><b>FULLY ADDRESSED</b></p> <p>The building and planning services fee structure has been changed and management has made customer service a top priority in OC Planning.</p> <p>By moving away from 100% T&amp;M billing, staff is able to focus on providing sufficient attention to customer service activities.</p> <p>See the report section <b>Fee Structure</b> for details.</p> |

| Initial Audit Finding |   | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |  |
|-----------------------|---|------------------------------|--|--|--|
| 25.2                  | Building permit application forms and instructions are not always updated in a timely manner.                           | 25.2                         | PDS should continue tracking and monitoring customer service activities where there is no permit to bill in order to establish reasonable and appropriate staff time for customer service activities when determining billable hour estimates. | 25.2                                     | <p><b>FULLY ADDRESSED</b></p> <p>A significant amount of information was added to OC Planning's website (e.g., flowcharts, applications). Customers are able to view the status of their permit online and OC Planning staff is able to provide an enhanced level of customer service due to the fee change in March 2010.</p>   |
| 25.3                  | The PDS website has been inconsistently updated for the past five years.  | 25.3                         | PDS should update current and develop new user-friendly customer service information, including but not limited to items such as the website, flow charts, forms, and instructions.  | 25.3                                     | <p><b>FULLY ADDRESSED</b></p> <p>In 2010, the OC Planning website was updated and included an upload of informational documents, applications, flow charts, etc.</p> <p>In addition, seven types of simple permits are now available for completion online and OC Planning is working on making additional permits available online.</p> <p><b>Note:</b> OC Planning should update the organizational charts on its website once the recommendations in this report are considered. See the report section <b>Organizational Structure</b> for the audit team's recommendations regarding OC Planning's structure.</p> |
| 25.4                  | There is a lack of customer information regarding the building plan check process.                                      |                              | No Recommendation  | 25.4                                     | <p><b>FULLY ADDRESSED</b></p> <p>Detailed information is now available on the OC Planning website including process check lists and flow charts.</p>   |
| 25.5                  | The practice of providing customers with public courtesy notices that permits are scheduled to expire was discontinued. |                              | No Recommendation  | 25.5                                     | <p><b>FULLY ADDRESSED</b></p> <p>The practice of distributing courtesy notices has not been reinstated. However, OC Planning has added a note to the front of the permits that tells the customer when their permit will expire.</p>   |

| Initial Audit Finding |   | Initial Audit Recommendation |  | Current Status of Initial Audit Findings |  |
|-----------------------|---|------------------------------|--|--|--|
| 25.6                  | The incentive to provide customer service is decreased when there is no permit to bill.   |                              | No Recommendation  | 25.6                                     | <b>FULLY ADDRESSED</b><br>This issue was mitigated with the implementation of a new hybrid fee structure and a management approach that emphasizes the importance of providing quality customer service.   |
| 26                    | The T&M methodology is administratively less efficient than other charging systems as it requires significant amounts of time for County staff to track, record, and adjust multiple minor processing activities recorded to permits. | 26                           | PDS should evaluate its current billing practices and determine whether the billing activities are appropriate considering the staff resources needed to perform them, minimal staffing available, and the number of billing adjustments required due to customer complaints. PDS should consider building these activities into the overhead rate charged for plan check and inspection activities. | 26                                       | <b>FULLY ADDRESSED</b><br>By moving away from 100% T&M to a hybrid fee structure, OC Planning has mitigated the issue of an excessive administrative burden on staff.<br><br>The consultant review of the fee structure included an analysis of the time it takes staff to complete various tasks and included the results in the new fee structure's overhead rate calculation.<br><br>For details about how this issue was resolved, see the report section <b>Fee Structure</b> . |
| 27                    | The process for estimating future billable hours for each employee has several deficiencies, some inherent to T&M and some due to PDS practices.  | 27                           | PDS needs to improve, formalize, and better document the process for estimating future employee billable hours as part of the rate calculation.  | 27                                       | <b>FULLY ADDRESSED</b><br>The consultant hired to develop a new fee structure worked closely with OC Planning staff to determine the number of hours spent on various tasks. With this information, the consultant developed an overhead multiplier that is utilized as part of the new hybrid charging system.  |
| 28                    | T&M billing practices create several billing inconsistencies.   | 28                           | PDS should consider standardized hourly rates for major categories of service, if a T&M system is retained.  | 28                                       | <b>FULLY ADDRESSED</b><br>The fee structure change has mitigated this issue. Standardized hourly rates were included in the new Billing Ordinance approved by the Board.   |

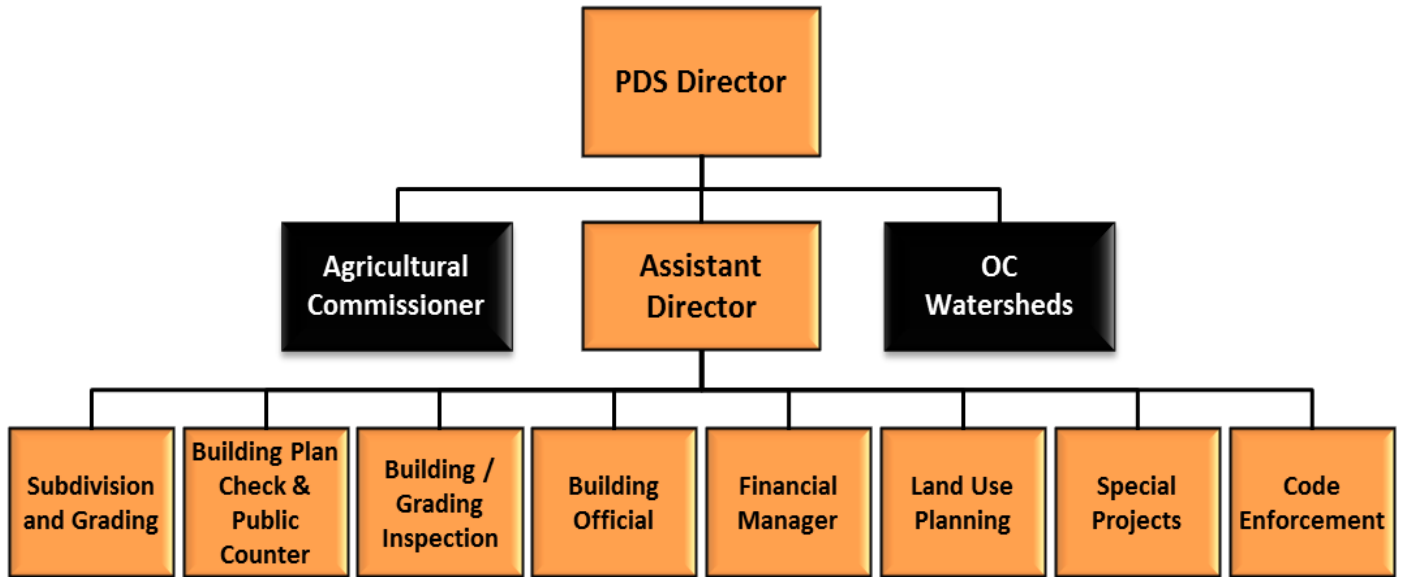
| Initial Audit Finding |   | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |   |
|-----------------------|---|------------------------------|---|--|---|
| 29                    | Consultant-billed hours for commercial plan checks may be higher than necessary because County staff does not possess the required expertise to appropriately negotiate estimated plan check hours. | 29                           | PDS should ensure that the full-time Building Official has commercial plan check experience to negotiate reasonable time requirements with consultants and can perform periodic reviews of consultant documentation to support actual hours charged.                                      | 29                                       | <p><b>FULLY ADDRESSED</b></p> <p>There are specific completion timelines in place for both County staff and contractors to meet, which have been included in OCPW's Balanced Scorecard.</p> <p>The new Billing Ordinance, approved by the Board, includes standardized hourly rates for all staff time charged to a project.</p> <p>Also, the Building Official supervises the contractors to monitor their performance.</p>  |
| 30                    | Inspection travel costs are unnecessarily inconsistent because they depend on the number and location of inspection assignments.  | 30                           | PDS should consider adopting standard travel times to apply to each inspection request.   | 30                                       | <p><b>FULLY ADDRESSED</b></p> <p>Inspection fees are now charged according to the Building and Planning Fee Ordinance. For valuation based permits, the inspection fee is calculated using the Valuation Fee Table.</p> <p>For non-T&amp;M projects, the total inspection fee is included in the flat rate cost of the project. For T&amp;M projects, travel times are determined by the distance traveled and number of inspections performed. Inspectors are now scheduled to 4 regions to increase efficiency of inspection travel times.</p>                        |
| 31                    | Past-due fee collection efforts for building permits are not sufficient.  | 31                           | PDS should establish procedures to immediately notify A-C staff of any unpaid balances that still remain and request that A-C perform all collection efforts to recover revenue for billed services on both discretionary planning applications and ministerial building/grading permits. | 31                                       | <p><b>FULLY ADDRESSED</b></p> <p>OC Planning has fully addressed this issue. The change in the fee structure helped reduce the number of accounts that require a deposit. Instead, permit fees are predetermined, which means there are less accounts that have the potential to become insufficient in funds.</p> <p>Also, OC Planning worked with OCPW/AC to develop a notice that is distributed to customers with an insufficient balance. Any permits that have an unpaid balance will not be scheduled by OC Planning for approval until the balance is paid.</p> |


| Initial Audit Finding |  | Initial Audit Recommendation |   | Current Status of Initial Audit Findings |   |
|-----------------------|--|------------------------------|---|--|---|
| <b>32</b>             | The building plan check deposit is difficult to monitor and may result in the County being unable to collect for all services provided.                                | <b>32</b>                    | In the short term, PDS should revise its procedures to ensure deposit balances are monitored and additional deposit amounts are received before plan check services are continued. In the long term, PDS should work with OCPW IT to determine whether billing controls can be implemented in APPS to prevent recording of hours to deposits and ensure timely requests for additional deposit amounts. PDS should consider reviewing deposit amounts and determine if deposits should be adjusted depending on permit type to avoid collecting insufficient deposit amounts. | <b>32</b>                                | <b>FULLY ADDRESSED</b><br><br>The new fee structure allows customers to determine a more accurate cost estimate of their project, thereby reducing the amount of inaccurate deposit amounts. Each permit is tracked and monitored in APPS so OC Planning can view the deposit balance at any point during the process.  |
| <b>33</b>             | T&M deposits for high threat NPDES priority construction sites in the San Diego Regional Water Quality region are not adequate to perform required weekly inspections. | <b>33</b>                    | PDS should evaluate the inspection requirements in accordance with the deposit collected with the goal of establishing a deposit that appropriately covers the inspection costs. This may require changes to the APPS application to provide the option of two different deposit amounts depending on whether the project is in the San Diego or Santa Ana Regional Water Quality Areas.  | <b>33</b>                                | <b>FULLY ADDRESSED</b><br><br>NPDES inspections are now charged on a Flat Fee basis according to the rates set forth in the Building and Planning Fee Ordinance. The Fee Ordinance was developed by a consultant who worked with OC Planning staff to determine the actual cost of providing various services (e.g., inspections). OCPW/OC Planning is conducting a review of the fee schedules to determine if the current fees cover the full cost of providing the services; any changes to fees deemed necessary will be included in a revised Fee Ordinance. |
| <b>34</b>             | T&M emphasis on billable hours results in PDS providing minimal opportunities for staff development.   | <b>34</b>                    | PDS should devote reasonable amounts of staff time to training and professional development. PDS should pursue other training opportunities, such as peer training sessions and regular training/workshops provided by the Building Official to reduce training time and costs.   | <b>34</b>                                | <b>FULLY ADDRESSED</b><br><br>The fee structure has been changed to allow staff to perform non-billable activities such as training. OCPW/OC Planning has significantly increased staff development opportunities.<br><br>See the report section <b>Training</b> for details.   |



| Initial Audit Finding            |   | Initial Audit Recommendation |                   | Current Status of Initial Audit Findings                |   |
|----------------------------------|---|------------------------------|-------------------|---|---|
| 35                               | The T&M fee system requires a high degree of administrative support.  |                              | No Recommendation | 35  | <p><b>FULLY ADDRESSED</b></p> <p>OC Planning hired a consultant to develop a new hybrid fee structure. This new fee structure has significantly reduced the administrative burden on staff.</p> <p>For details about this issue, see the report section <b>Fee Structure</b>.</p>   |
| Additional Audit Recommendations |   |                              |                   | Current Status of 2009 Additional Audit Recommendations |   |
| 1a                               | PDS should move toward a hybrid charging structure for building plan checks and inspections. T&M would continue to be used for discretionary planning applications, building plan rechecks, re-inspections, and uniquely complex development.   |                              |                   | 1a  | <p><b>IMPLEMENTED</b></p> <p>OC Planning has implemented a new hybrid charging structure for building plan checks and inspections.</p> <p>See <b>Fee Structure</b> section of the report.</p>   |
| 2a                               | The Fund 113 Reserve would be more efficiently managed if it required only CEO approval rather than Board of Supervisors approval for using the Reserve. PDS management must be able to react quickly in response to temporary shortages with sustained shortages being elevated to the Board of Supervisors. |                              |                   | 2a  | <p><b>NO LONGER APPLICABLE</b></p> <p>This recommendation was not specifically implemented. However, OC Planning has modified it's funds and Fund 113 is now used to maintain Building &amp; Safety Reserves from General Fund 071.</p>   |
| 3a                               | CEO/Budget should work with PDS and OCPW to determine activities the Board of Supervisors intends to be covered by General Funds and determine the true cost of these services rather than providing an annual allocation including the costs and impacts of pursuing the three options in the Audit Report.  |                              |                   | 3a  | <p><b>NO LONGER APPLICABLE</b></p> <p>This specific recommendation was not implemented. However, following the 2009 audit, CEO/Budget worked with OCPW/OC Planning to determine the appropriate amount of General Fund money to be allocated for OC Planning activities (i.e., Planning and Building &amp; Safety activities in Fund 080 and 071).</p>  |
| 4a                               | The CEO in conjunction with OCPW should consider the merits of combining Agency 080-8000 and Fund 113 into one General Fund budgetary organization. Such a combination would not preclude efforts to achieve full cost recovery for billable services in an additional General Fund subsidy was not provided. |                              |                   | 4a  | <p><b>NO LONGER APPLICABLE</b></p> <p>This specific recommendation was not implemented. However, in 2010 OC Planning's funds were modified, with Board approval, to include all OC Planning activities in the General Fund within Funds 080-8000 and 071. Fund 113 was retained to maintain only B&amp;S reserves.</p> <p>For details about the changes to OC Planning funds subsequent to the 2009 audit, see the <b>Expenditures and Revenue</b> section of the report.</p> |

*APPENDIX B: 2009 PDS Organizational Chart*



 Not within scope of 2009 audit

**APPENDIX C: Organizational Crosswalk**

| <b>Current Organizational Unit/Position</b>                                  | <b>Proposed Organizational Unit/Position</b>                            |
|--|---|
| OC Planning Director (AM III)  | OC Planning Director (AM III)   |
| OC Community Development Manager (AM II)                                     | Strategic Land Planning Manager (AM II)                                 |
| Current & Environmental Planning Manager (AM I)                              | ** None – Position Deleted **   |
| Advance Planning & Sustainable Development Manager (AM I)                    | Advance Planning & Sustainable Development Manager (AM I)               |
| Neighborhood Preservation (Code Enforcement) Manager (AM I)                  | Neighborhood Preservation (Code Enforcement) Manager (AM I)             |
| Customer Care Unit/Permit Center Manager (AM I)                              | ** None – Position Deleted **   |
| County Property Permits Manager (AM II)                                      | Permit Applications and Processing Manager (AM II)                      |
| Building Official / Building Grading Plan Check Manager (Sr. Civil Engineer) | Regulatory Enforcement Manager / Building Official (Sr. Civil Engineer) |
| Special Projects Manager (AM II)   | ** None – Position Transferred **                                       |
| OC Planned Communities Manager (AM III)                                      | Planned Community Development Services Manager (AM III)                 |
| Infrastructure Manager (Sr. Civil Engineer)                                  | Infrastructure Funding and Implementation Manager (Sr. Civil Engineer)  |
| Land Use Planned Communities Manager (AM II)                                 | Planned Community Land Use Support Manager (AM II)                      |
| OC Agricultural Commissioner Manager   | ** None – Section Transferred **  |
| OC Watersheds Manager  | ** None – Section Transferred **  |

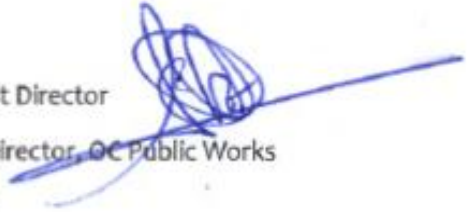
*APPENDIX D: OC Public Works' Response to Follow-up Audit Report*



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**Memorandum**

**DATE:** June 8, 2012  
**TO:** Steve Danley, Performance Audit Director  
**FROM:** Ignacio G. Ochoa, P.E., Interim Director, OC Public Works  
**SUBJECT:** Follow-up Audit of OC Planning



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Please find attached OC Public Works formal response to the Follow-up Audit Report. Thank you for the opportunity to submit these responses.

Please contact me or Rick LeFeuvre at (714) 955-0124, if you should have any questions or comments.

Attachment

c: Thomas G. Mauk, County Executive Officer  
Rick LeFeuvre, Director, OC Public Works/OC Planning

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OC Planning  
June 8, 2012

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## OVERVIEW

OC Public Works/OC Planning has made significant progress in addressing the vast majority of the 44 findings identified in the 2009 audit. Ninety-three percent of the findings in the audit were either fully addressed, implemented, or no longer applicable. The improvement in customer service, in particular, is a major accomplishment. As stated in the conclusion section of the Follow-up Audit Report: "All data points from this follow-up audit indicate that there is a cohesive focus on providing improved customer service and that this accomplishment is a source of pride among managers and staff at all levels. It should also be acknowledged in this report that such a turnaround in customer service could not have been achieved without the buy-in, participation, energy, and enthusiasm of all staff, as well as the support from the Board in recognizing the need to allocate additional resources to OC Planning to enhance its operations."

We would like to thank the Performance Audit Director and his team for their guidance and assistance during this audit.

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## DRAFT REPORT: FOLLOW-UP AUDIT OF OC PLANNING RECOMMENDATIONS AND RESPONSES

(The Follow-up Performance Audit recommendations are listed below followed by the OC Public Works Response.)

*Follow-Up Recommendation 1: OC Planning should establish a formal transition/succession plan to prepare for the potential departure of key personnel. Specifically, OCPW/OC Planning should identify individuals with the potential to take on greater responsibility in the organization, and then establish and implement a plan to develop those individual's skill sets.*

**OC Public Works Response: Agree.**

OC Public Works currently offers leadership training (formerly Succession Planning) to all Public Works staff who may be interested in participating in the program. For example, an Administrative Manager I would potentially succeed the Permit Applications and Processing Manager (Administrative Manager II) as part of the overall succession plan for OC Planning. The intent of this effort by OC Planning is for the junior managers to possibly succeed the more senior managers in OC Planning.

OC Planning has also instituted cross training practices to both improve overall customer response and to build a broader talent pool to replace staff departures and

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retirements. The Permit Services, County Property Permits, and Neighborhood Preservation Units have been participating in this program. Additionally, we are now working to fill our vacant planning positions, which will enable us to do more cross training in the areas of California Environmental Quality Act review and Advanced Planning.

OC Planning presently manages approximately seven part-time volunteer interns from Southern California area colleges. These interns served approximately 2,300 hours in Fiscal Year (FY) 2010-11. They assist with day-to-day research assignments and general project support. The program has been a tremendous success and in some cases has led to a contract or part time County employment. In this manner, we are building a bench of entry level professionals to move into OC Public Works work force.

*Follow-Up Recommendation 2: OCPW should evaluate the necessity of each vacant position and promptly fill those that are warranted.*

**OC Public Works Response: Agree.**

The OC Public Works Interim Director has committed to filling key department vacancies without delay. As stated in the Follow-up Report, "the interim OC Public Works Director has dedicated additional resources to quickly move forward the recruitment process to fill vacancies." As of January 2012, four (of seven) vacancies in OC Planning have been filled and three vacancies are currently in the recruitment process. At the conclusion of these current recruitments, all authorized positions in OC Planning will then be filled.

*Follow-Up Recommendation 3: OCPW should move the OC Agricultural Commissioner out of OC Planning.*

**OC Public Works Response: Agree.**

An Independent Review Team (IRT) has been commissioned to review the current OC Public Works organizational structure. The OC Public Works Interim Director will review the proposal, and with CEO approval, implement an appropriate organizational structure for the OC Public Works department, including OC Planning.

*Follow-Up Recommendation 4: OC Planning should streamline its organizational structure by (a) aligning its permit units under one manager; (b) aligning the Building and Grading Plan Check and Neighborhood Preservation (Code Enforcement) units under the Building Official; (c) Aligning the Advance Planning & Sustainable Development and*

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*Current & Environmental Planning units under one manager; and (d) transferring the Special Projects position out of OC Planning to report directly to OCPW Director.*

**OC Public Works Response: Agree.**

The current OC Planning staffing level has been created in response to the 2009 Performance Audit, which has resulted in substantial customer service improvement, as noted in the Performance Audit Follow-up Report. Most notably, the Building and Grading Permit Services and Customer Care Unit were created to empower change for better customer service, which was part of OC Planning's "top priority" customer service campaign initiative. The base level of staffing approved by the Board on March 30, 2010, included four customer service and intake positions. The Administrative Manager I and staff in this Unit were selected in part because of their customer service orientation and aptitude.

OC Public Works concurs with the proposed Organizational Structure for OC Planning that is presented in the Follow-up Report. OC Public Works would however propose retention of the current level of managers and staff for Permit Applications and Processing Unit and Strategic Land Planning Unit. This will ensure that OC Planning delivers the same level of customer service now expected by our clients.

OC Public Works will continue to perform staffing needs analysis as part of its annual budget preparation and make adjustments as required.

*Follow-Up Recommendation 5: The Human Resources Department should (a) re-communicate the selection rule pertaining to the use of alternative hiring lists to human resources staff Countywide; and (b) monitor and approve all personnel actions for OC Planning over the next six months to ensure that all personnel transactions are processed according to County's administrative policies and procedures.*

**OC Public Works Response: Agree.**

This recommendation has been implemented. The Human Resources Department (HRD) has currently assigned a Human Resources Manager on-site at OC Public Works assisting and validating OC Public Works' recruitment processes. OC Public Works will follow the selection rules pertaining to the use of alternative hiring lists as communicated by the Human Resources Department.

*Follow-Up Recommendation 6: (a) Given the significant nature of the deficiencies identified by the audit team, the Human Resources Department should review these*

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*personnel actions and determine whether additional follow-up is required; and (b) Additional human resources training should be provided to both OCPW/HR staff and line management in writing of adequate performance evaluations; and evaluation and administration of employee discipline.*

**OC Public Works Response: Agree.**

- (a) OC Public Works Human Resources regularly receives advice and guidance from HRD and County Counsel related to any disciplinary actions that would lead to a suspension or discharge. OC Public Works Human Resources will review the specific deficiencies identified by the audit team with HRD to determine whether additional follow-up is appropriate.
- (b) OC Public Works Human Resources agrees that the writing skills of the supervisors and managers vary drastically, from acceptable to exceptional. In May 2011, the OC Public Works Human Resources Manager began a campaign to improve performance evaluation throughout the department. This included returning many of the documents submitted (even those already signed by the employee) for correction or revision. Additionally, in June 2011, OC Public Works Human Resources launched a three-part Performance Management Training Series, that includes sessions on Performance Planning, Performance Writing, and Progressive Discipline. Department Supervisors and Managers have been encouraged to attend. And effective immediately, OC Public Works will make this training mandatory for all supervisors and managers. OC Public Works Human Resources will identify supervisors and managers who have not attended the training. Those supervisors and managers will be requested to complete the training by July 2013.

In December 2011, HRD established a Countywide Employee Relations (ER) Forum. OC Public Works Human Resources employees, involved in handling Employee Relations issues, have attended these sessions. There have been two sessions, with future sessions scheduled every other month beginning in May 2012. The Forum's mission is to provide valuable (relevant, practical, substantive) information, discussions, analysis, and training on ER topics.