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May 24, 2005

Hon. Helen M. Thomson, Chairwoman
And Members
Yolo County Board of Supervisors

Re: **Report of the Board's Independent Investigator on The Facts and Allegations in the January 27, 2005 Interim Report of the Yolo County Grand Jury**

Dear Chairwoman Thomson and Members of the Board:

I am pleased to enclose the report requested by the Board at its February 15, 2005 session.

Since we began our work, we have interviewed nearly 90 witnesses inside and out of the Department of Employment and Social Services and have reviewed a large volume of documents and records.

The attached report is a summary of our findings. We have also provided the Board a more detailed confidential report and have made the witness statements and other evidence we gathered available for the Board's confidential review.

Our detailed report and the supporting evidence is not being released to the public in order to comply with laws requiring that information about individual employees be kept confidential. These laws prohibit us and the Board from public disclosure or discussion of specific complaints and incidents. The laws of confidentiality also prohibit us and the Board from public disclosure of specific conclusions about named employees and require that any recommendations or actions concerning employee discipline be kept confidential.

While, under the circumstances, it may seem natural to "clear the air" by laying out all the details of the investigation, both the law and sound Board policy require that identities and details remain confidential.

We did find problems at DESS. We also found that the majority of line employees, supervisors and managers at DESS are loyal, hardworking public servants. It is our judgment that the problems we found can be solved and that the actions contemplated by the Board will forthrightly deal with those problems.

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We also found that some of the findings of the Grand Jury are not supported by the evidence. However, our report should not be seen as criticism of the Grand Jury. We believe the Grand Jury acted responsibly in issuing its report and in making its findings based on the information it was provided. Unfortunately, the Grand Jury did not have the benefit of the depth of information we were permitted to explore. It is clear the issues raised by the Grand Jury concern many employees at DESS and elsewhere. It is important and constructive that those concerns were aired and explored. The Grand Jury should be commended for starting a positive process of change.

Our report comments on the interactions between DESS and other County departments and personnel. We found difficulties in that area. These findings should not be seen as evidence that DESS or any other agency was not trying to serve the public. What we did find is that there can be improvement in how these agencies work together. We believe all involved will welcome the opportunity, with the Board's leadership, to improve their working relationship. The key to this will be the commitment to effect change and definitive follow-up to assure results.

Part of our charge was to monitor and report any "retaliation" against employees bringing their concerns to our attention. A very few employees expressed concern that specific occurrences since our investigation began were motivated by reaction to their cooperation. While these circumstances will need to be monitored, we can not conclude there were specific instances of "retaliation."

I thank the Board for the opportunity to be of service. I also thank the many County employees we encountered for the high level of cooperation and assistance we received.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. Gilbert". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Richard L. Gilbert

RLG/dp
Enc.

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REPORT TO THE
YOLO COUNTY BOARD OF SUPERVISORS
ON THE
FACTS AND ALLEGATIONS OF THE JANUARY 27, 2005 INTERIM REPORT
OF THE
YOLO COUNTY GRAND JURY
CONCERNING
THE YOLO COUNTY DEPARTMENT OF EMPLOYMENT AND SOCIAL SERVICES
May 24, 2005

Background.

On January 27, 2005, the Yolo County Grand Jury issued an “Interim Report” containing certain findings, facts and recommendations concerning the Yolo County Department of Employment and Social Services (“DESS”). On February 15, 2005, the Board retained my office to conduct an independent investigation of the issues and related matters contained in the Grand Jury Report and directed that we report our findings and recommendations to the Board. This report is submitted in accordance with that direction.

Scope and Method of Investigation.

Immediately on our retention, we made efforts to reach out to DESS staff and others who could provide information on the issues. This was done through posting information concerning the investigation on our website, an informational posting on the DESS “intranet site” and individual letters to all DESS employees.

In addition to our existing staff, we retained the services of two licensed Private

Investigators who are experienced retired peace officers to assist with witness interviews and review of documents.

Since the inception of our investigation, we have interviewed nearly 90 witnesses. Witnesses were selected for contact based on their self-report of having information, because they were suggested by other witnesses or documents as being knowledgeable, and from our determination, based on their role in the organization, that they may be of assistance. Additionally, we contacted some witnesses from throughout DESS on a “random” basis to be sure we were hearing from a fair cross-section of DESS employees on the management and workplace issues raised by the Grand Jury.

DESS Director Gerald Rose and Assistant Directors Renee Craig, Dana Johnson and Diana Williams were interviewed at length.

In order to provide a comfortable, neutral place for interviews, we rented interview rooms in a private building in Woodland. We also conducted interviews at our offices in Sacramento. DESS employees were interviewed at DESS facilities or other County buildings only at their specific request. All but a few witness interviews were tape-recorded. Summaries of these interviews were prepared. The tapes and summaries have been made available to the Board for review.

In the beginning, we noted some reluctance on the part of DESS employee witnesses to come forward. Within a very short time, however, we perceived this reluctance was subsiding. All witnesses were cooperative and helpful. Often, the only concern expressed by a witness was that the interview process was taking them away from their jobs. DESS staff should be commended for the degree of assistance and cooperation shown us. We did encounter a continuing, low-level concern for possible “retaliation” from cooperation with us. This concern was directed both to management and to peers who were perceived as vindictive to others not sharing their views. To date, our investigation has not uncovered any instance of retaliation against any employee on account of their cooperation with us.

The subject matter scope of our investigation was defined to include the specific subjects of the Grand Jury report and topics which rationally related to the findings of the Grand Jury and helpful to an understanding of the situation by the Board of Supervisors, DESS employees and the public.

During the course of our investigation we were presented with information, complaints and allegations appearing to fall outside the defined scope of our charge. We did not pursue individual employee complaints of workplace issues such as missed promotions or poor evaluations, unless we developed information that such specific complaints evidenced a broader pattern subject to our inquiry. Some issues and allegations were relevant, but either not substantiated or of such minor significance as to not warrant description here. All such matters are referenced in the summaries of witness statements.

Findings Regarding the Grand Jury Report.

The pertinent findings of the January 24, 2005 Grand Jury Interim Report are set out below in italicized type. Our findings on the issues follow.

Grand Jury Finding: “Hostile Work Environment”

“1. Witnesses stated that Dana Johnson, currently the Assistant Director, Employment and Transitional Services Division at DESS, consistently intimidates and demeans staff by yelling in individual and group settings, by pounding on the table during meetings, and by referring to subordinate female staff as the “girl”.

2. Staff were asked if Mr. Johnson has “made you cry yet?”

3. Exit interviews, although offered by departing staff, were not conducted.”

“Since the inception of this investigation, DESS staff have consistently described a very hostile work environment. It is clear from their statements that this environment has been created and/or condoned by Director Rose, Assistant Director Johnson, and Assistant Director Craig. The conditions at DESS have made it very difficult—and sometimes impossible—for the staff to perform their duties. Efforts by DESS staff to correct their hostile work environment have been met with intimidation, retaliation, and a general worsening of work conditions. The evidence provided by the witnesses is incontrovertible that Mr. Rose, Mr. Johnson, and Ms. Craig are directly responsible for this unacceptable work environment.”

Conclusion from our investigation:

- **The Law prohibits public disclosure of confidential personnel information. In order to respect the rights of employees who have made complaints and those of employees against whom complaints have been made, we cannot include details about “hostile work environment” issues in our public report. The detailed findings supporting our conclusions have been presented to the Board in a separate confidential report.**
- Our investigation establishes that DESS employees have been under considerable stress from a merger, various reorganizations, law changes and budget crises. This would have been true no matter who was managing or what management did.
- Nonetheless, our investigation supports the conclusion there are workplace conduct issues with certain DESS employees and continuing morale problems at the Department severe enough to require action by the Board of Supervisors.
- We understand the Board has considered the detailed findings of our confidential report and is in the process of taking action to address the problems identified. Because of the confidentiality laws referenced in this section, the details of those actions cannot be publicly disclosed.

Laws prohibiting disclosure of complaints and discipline.

Various laws concerning the confidentiality of information relating to individual employees prohibit the public disclosure of facts concerning workplace conduct and performance. These laws also prohibit the public disclosure of whether an employee has or has not been the subject of a disciplinary action and of the details of any disciplinary action taken or considered.

As a result, we cannot include in this public report and the Board cannot discuss in public session any information that could reasonably be considered a “confidential personnel matter”. This includes not only the specifics of complaints against employees, but also the identities of those making complaints and providing information and the details they have provided.

We also believe omitting the details is the best way to protect the privacy rights of all involved and to provide assurance to the many employees of DESS who cooperated with the Board in this matter that their rights are being respected.

The confidential report provided to the Board of Supervisors contains the details concerning workplace issues that cannot be made public. Additionally, the Board has been provided access to specific witness statements and other evidence gathered by us in our investigation to support any action it believes should be taken.

Discussion

These allegations and our findings should be understood in the context of the recent history of the organization now known as the Department of Employment and Social Services.

DESS was formed through the “merger” of two County departments, the “Community Partnership Agency”, which previously managed employment related programs, and the “Department of Social Services”, which previously managed welfare assistance and child and adult protective services programs. The merger began in 1998 but was not functionally complete until 2000.

The combination of these organizations necessarily required substantial realignment of staff responsibilities and changes in organizational structure and lines of authority. As in any merger, there were perceived “winners” and “losers” – staff who perceived they benefited from the merger in a new job assignment or with a promotion, and those whose stature was actually or perceptibly reduced. Through this same period, there have been three different directors, one an interim director, and the entire top management team has been changed.

The original merger has not been the only significant change visited on DESS staff in recent years. The welfare, employment and child and adult protective services functions administered by DESS have historically seen frequent changes in the laws and regulations governing the programs and substantial fluctuations in funding available to support programs and maintain staffing levels. Because substantial funding is received

from State and Federal sources targeted to specific program categories, the Board of Supervisors and local managers have little discretion to shift funding in order to moderate the effect of change. These changes have been particularly acute in recent years with the substantial “reform” of welfare programs and accompanying substantial reductions in welfare program funding levels.

The stress of these changes on Yolo County’s DESS employees has, unfortunately, been exacerbated by the County’s own fiscal difficulties which, in combination with State and Federal funding cuts, have necessitated painful staff reductions and worker furloughs.

Our investigation substantiates that the Board of Supervisors has undertaken to equip DESS to better cope with the growing challenges of its mission by improving management and staff efficiency, by insisting on accountability and by improving the integration of new technology into department operations. This necessary evolution has taken place over the same period that DESS has worked through the merger of two County departments and the significant changes in laws, programs and funding.

Finally, we note employees who have worked in various similar agencies in other places report that, even under the best of circumstances, work in a “welfare department” is stressful.

Our investigation reveals that the great majority of DESS line staff, supervisors and managers are dedicated, hard working employees who have performed commendably in difficult circumstances. On the other hand, our investigation reveals a small minority of people within the ranks of DESS who are resistant to change and who have not adapted to the new realities of their workplace. Unfortunately, there are even a few who seem to be actively undermining the progress and morale of their organization.

An employee satisfaction survey was conducted countywide in 2001. We have not independently analyzed the results of that survey, but are informed the results revealed significant morale and management issues at DESS. The Department commissioned its own follow-up survey which was conducted in October, 2002. That survey revealed areas of continuing concern.

Review of the survey data shows that, as of the fall of 2002, DESS continued to be beset by poor morale among the majority of employees. Most staff continued to feel that management and the organization did not recognize and appreciate their efforts and that the department was not receptive to constructive criticism. Most staff also expressed mistrust of management to varying degrees.

As part of the survey process, employees had the opportunity to make general remarks and comments about management and the Department. Those comments included specific reference to managers yelling at and demeaning staff in front of other employees and included a number of references to perceptions of unfairness and favoritism.

It is for all of these reasons that we conclude there are workplace conduct issues with certain DESS employees and continuing morale problems at the Department requiring action by the Board of Supervisors.

Our investigation does not support the categorical conclusion suggested by the Grand Jury that, “Efforts by DESS staff to correct their hostile work environment have been met with intimidation, retaliation, and a general worsening of work conditions.” Our investigation does support the conclusion, however, that, in the overall environment at DESS, even appropriate actions by DESS management directed towards establishing appropriate goals, objectives and accountability may, at times, be perceived as improperly motivated.

By commissioning our investigation, the Board of Supervisors has demonstrated its determination that any significant problems at DESS be resolved consistent with the best management practices and Yolo County Values. We trust the Board’s actions will reassure DESS employees that their legitimate concerns are being addressed.

Grand Jury Finding: “Allegations of mismanagement of DESS funds”

General comment regarding allegations of “mismanagement of funds”:

- There are no allegations or evidence of personal gain. All the “allegations” stem from efforts to maximize State and Federal reimbursements and minimize General Fund spending.

Discussion

The Grand Jury made several findings grouped under the heading, “Mismanagement of Funds”. It is important to note that no allegation was made, and we have independently found no evidence of, any misconduct resulting in personal gain to any individual. Ironically, all but one of the findings made by the Grand Jury are that management did things to maximize County recovery of State and Federal program funding in order to reduce spending County General Funds. If the allegations were true, however, such would represent serious violations of program rules, would be contrary to Board expectations concerning the conduct of County business and could involve violations of criminal codes. Our investigation reveals that none of the “fiscal mismanagement” findings are supported by the evidence.

“4. Staff were asked to change delivery date logs on purchased equipment to meet reimbursement mandates.”

Conclusion from our investigation:

- The allegation is not true. Staff were not directed to change any log or similar document.

Discussion

This finding is not supported by the evidence. The evidence shows there was a discussion among DESS fiscal and program staff as to whether reimbursement for the cost of certain computers purchased for distribution to children leaving foster placement could be “claimed” on receipt by DESS or only after delivery to the clients. Fiscal staff originally thought receipt by the Department was adequate. Later, the issue was revisited and a different conclusion reached. Staff and management discussed the options in an effort to avoid use of County General Funds. In the end, it was concluded that only those units delivered to clients could be claimed in the reporting period. No employee was asked or directed to falsify any record.

“5. Staff were asked to change the results of time studies, which would change the reimbursements from funding agencies, and time studies inappropriately included the participation of new employees.”

Conclusion from our investigation:

- Though a complicated issue, we have concluded the allegation is not true.
- We note, however, that absolute certainty on this issue can only be achieved by an unwieldy and expensive audit. The evidence reviewed by us suggests no reason to do that.

Discussion

This issue arises from the complex system of “time studies” periodically completed by DESS employees in order to prepare the “claim” submitted to the California Department of Social Services (“CDSS”) for reimbursement of County funds from allocations made to DESS of State and Federal program funds. Time studies should accurately reflect the time spent by individual employees in the various time study categories on which the claim and reimbursements are then based. The instructions issued by CDSS for completing time studies is a complicated 75-page document which provides summary definitions of categories. Time study procedures and categories must also be understood in the context of complicated fiscal regulations, claiming rules and funding limits.

We found no instance where a time study was inappropriately “changed” after the fact. There have been instances where employees have reported time in incorrect categories. This sometimes occurs from inadvertent recording error and, sometimes, where the time study form is

prepared with incorrect codes due to some misunderstanding of the complex relationship between program activities and the applicable program codes. In these instances, time studies have been changed to correct erroneous entries. We have found one instance where a group of time studies for an approximate three-month period was changed when it was retroactively determined that funding for a claiming category had lapsed and where, after research, it was determined reasonably appropriate alternate categories applied. These instances of “changes” appear within applicable claiming guidelines.

During our investigation, it was reported to us that management was directing staff to record time to categories in which they did not actually work in order to maximize reimbursements. Our investigation revealed no evidence that this was a management practice. We have found one instance where a supervisor, admittedly without management direction and after admittedly misleading the DESS Fiscal Unit, directed staff to time study to a category where work was not to be performed.

Our investigation reveals that DESS management periodically assesses how staff activities are “tracking” to projected budgets and allocations. Where over- or under-spending in particular allocations is discovered, staffing plans are developed to re-deploy staff resources and efforts to different activities. In connection with these staffing plans, staff are instructed to “time study” to the appropriate category. This approach by management is consistent with law and regulation.

There is no prohibition on “new employees” participating in time studies as the Grand Jury finding suggests. The issue which arises with new employees in training is what time they can report (“time study”) to allocations involving actual work on case files as opposed to training allocations. Regulations allow claiming some time against actual file work for new employees in training. There is no evidence the time of “new employees” has been improperly time studied or claimed.

We did receive complaints that staff were directed to “time study” to categories they did not believe covered their actual work. Because of the complexity of the time study and claiming rules, we suggest there may be misunderstanding by some employees concerning time study “changes” and the use of assigned percentages in time studies. Except for the instance referenced above, however, our investigation reveals the categories in such cases were reasonably appropriate and that staff may not have been informed of or understood the totality of the applicable claiming rules. In light of these findings, some consideration should be made of further training and interactive discussion in this area, particularly in light of the public allegations.

“6. Staff were asked to create a “cushion” of approximately \$500,000 for use by the DESS Director, Jerry Rose, which would be hidden from the County Administrative Officer. Witness testimony indicated that Mr. Rose was informed this could not legally be arranged.”

Conclusion from our investigation:

- There is credible evidence of a passing comment about creating a discretionary spending fund. Mr. Rose was told such could not be done, and the issue was dropped and never raised again.

Discussion

We have determined that, at most, a passing comment was made about creation of a pool of funds for discretionary spending on departmental needs. Mr. Rose was told a discretionary fund could not be created and the subject was dropped. No work or effort was expended to create such a fund and the question was never raised again. We do not believe the incident, if true, either standing alone or in the entirety of the circumstances, raises a concern for fiscal impropriety.

Grand Jury Finding: “Interactions with/funding of Welfare Fraud Investigations Unit”

“7. The annual budget for welfare fraud investigations, funded by DESS with State and Federal funds, has been consistently reduced since investigator positions were moved to the District Attorney’s Office. Witnesses stated that DESS Assistant Director, Renee Craig, who oversees the budget for welfare fraud investigations, believes that “too much is spent” on investigations, and that DESS Management did not want “hard investigations” of welfare fraud. The necessary operational funding for this fiscal year, now half over, has not been provided.”

Conclusion from our investigation:

- The negotiations between the District Attorney’s Office and DESS have been dysfunctional. There are hard feelings and mistrust on both sides.
- It may be the District Attorney’s Office is not completely acquainted with the complexities of the allocation and claiming system.
- DESS is skeptical of the District Attorney’s Office welfare fraud investigation staffing needs. The departments use different statistical assumptions and do not appear to understand or appreciate each other’s perspective.

Discussion

Since 1998, peace officer investigators assigned to welfare fraud investigation have been members of the District Attorney’s staff. Employees in DESS also detect and report suspected welfare fraud and refer cases to the District Attorney for further investigation and prosecution. The functions within DESS are generally described as “early fraud detection”.

Some County costs for employees working on welfare fraud are subject to reimbursement

through DESS claims against allocations of specific State and Federal program funds. For County funds spent on District Attorney department activities to be reimbursed, there must be a “Memorandum of Understanding” between DESS and the DA. The MOU allows properly “time studied” costs of DA welfare fraud activities to be included in DESS’s claim for reimbursement.

For the past several years, there have been disputes between the District Attorney’s Office and DESS regarding the level of funding for Welfare Fraud investigators on the District Attorney’s staff to be included in the MOU.¹

The District Attorney’s Office believes DESS has misrepresented the available funding by 1) misstating the funds available and, 2) “hiding” available funds by arbitrarily failing to consider funding from other allocations. The DA and his staff believe DESS management is motivated to do this by their hostility towards welfare fraud prosecutions. Moreover, the District Attorney and some staff believe District Attorney staff advocates for additional funding have been subjected to “retaliation”.

Another cause of friction between the District Attorney’s Office and DESS is an ongoing dispute concerning whether staff within DESS performing welfare fraud investigative functions should be transferred to the DA. The District Attorney’s Office contends when the peace officer investigators were transferred from DESS (then DSS) to the DA in 1998, DSS agreed to revisit the issue and transfer the remaining positions to the DA on retirement of two incumbent employees. One of the incumbents has since retired. The District Attorney’s Office believes the remaining functions should be transferred to his office. Current DESS management has not supported this change and believes circumstances have changed such that the merits of the change need to be reevaluated.² This issue was aired at the Board level during 2004-2005 budget hearings and was one of the reasons the Board commissioned the analysis and report by Management Partners. We have reviewed a draft of this report and note that it makes recommendations on this topic.

Our investigation reveals that the District Attorney’s Office may not have been made fully aware of the complexities concerning the funding available to reimburse welfare fraud activities in his office. The key issue is the perception that a separate “food stamp allocation” is discretionarily available to support the bulk of investigations. This is not completely correct. We have independently and directly verified with CDSS that DESS has correctly identified that the great bulk of welfare fraud activities are claimed under a single claiming code (3151 – Federal CalWORKS and Food Stamp Fraud). The total hours claimed are then allocated 50/50 to the County’s CalWORKS and Food Stamp allocations. This allocation is done by the State and the County has no discretion to shift claim amounts in a different proportion. Accordingly,

1 The following comments may imply criticisms of both departments. In this regard, it is essential to recognize that the motives and intention of the departments and their staffs are not questioned by this report. We have found that, at all times, staff and management in DESS and in the District Attorney’s department have acted as they perceived the best interest of the County required.

2 The informational memorandum filed with the Board of Supervisors in support of the actions and accompanying Board resolutions says that, “[I]t is the opinion of the Director of DSS and the DA that early fraud activities should remain with DSS.” Supporting documentation furnished to the CAO as the plan was developed notes that, “For business and human reasons, it would be a bifurcated system, with early fraud prevention activities left in social services at least for the tenure of the two existing employees...”

when the CalWORKS allocation goes down, the same 50% of Welfare Fraud hours will come out of the reduced CalWORKS allocation regardless of what happens with the Food Stamp allocation. The County can not make up the larger hit to CalWORKS by claiming more efforts against the Food Stamp allocation, even as to the majority of cases that involve both CalWORKS and Food Stamp fraud. The CalWORKS allocation has been significantly reduced in recent years. The Food Stamp allocation has gone down, but to a lesser degree.

The District Attorney's Office perception that DESS has misrepresented available funding as evidenced by DESS reporting different allocation levels over time may also be based on a misunderstanding of the budget process at the State level and of how anticipated budget amounts are reported to Counties. We are not aware that District Attorney staff has sought to independently verify the allocation information represented by DESS in the course of budget negotiations between the agencies.

County welfare agencies are informed of State and Federal funds to be made available to them ("allocations") through two primary sources. As the State budget is prepared and processed, "Initial Planning", "May Revise" and "Final" allocation amounts are set out in "County Fiscal Letters" sent to DESS and posted on the public CDSS website. DESS also receives reports on budget revisions flowing out of the legislative hearing process and negotiations with the Governor through periodic reports to County welfare agencies by their advocacy group, the California Welfare Directors Association. It appears the DA has construed DESS planning reaction to the dynamic flow of budget information over the years as "game playing". The charge is not supported by our investigative findings. We believe reference to these publicly available resource materials by the District Attorney and his staff may have avoided substantial friction in past budget negotiations and in the overall relationship between DESS and the District Attorney at both the management and staff levels.

It does appear DESS has not identified and clarified the role of the Food Stamp allocation and the mandated 50/50 allocation of costs in its communications and negotiations with the District Attorney department. Additionally, it appears that, at least in past years, DESS has not actively sought certain "incentive funds" granted by CDSS based on performance in recovering fraudulent and erroneous welfare payments. There have also been disputes concerning application of these non-County funds to offset the cost of DA welfare fraud activities. We conclude, therefore, the District Attorney is partially justified in his concerns regarding budget discussions with DESS. The evidence does not support the conclusion, however, that DESS has manipulated funding for welfare fraud functions out of hostility towards this function or some underlying philosophical opposition to detection and prosecution of welfare fraud.

There is no evidence funding levels are too low or that staff reductions have impeded the prosecution of welfare fraud in Yolo County. Fraud referral statistics demonstrate no significant problems attributable to under-funding. This issue and the organizational issues concerning welfare fraud investigation are referenced in the draft report prepared for the Board by Management Partners concerning the welfare fraud function in the County. We believe the findings of the draft report are consistent with our findings and the evidence we examined on these issues.

The welfare fraud unit in the District Attorney's Office has been funded and functioning

throughout the 2004-2005 fiscal year, despite the fact that the MOU for this year has only recently been finalized. It appears the Grand Jury may not have fully understood the situation when it concluded, "The necessary operational funding for this fiscal year, now half over, has not been provided." Funds for the District Attorney's welfare fraud investigative unit were included in the County fiscal year 2004-2005 budget at levels consistent with the 2003-2004 fiscal year. The effect of the breakdown in negotiations between DESS and the District Attorney was to impede finalization of the required MOU and jeopardize the ability of the County to recover State and Federal funds to reimburse County spending for welfare fraud investigation. Nonetheless, the welfare fraud investigation unit is and always has been funded and functional.

The question of what level of spending is appropriate for welfare fraud investigations in both DESS and the District Attorney's Office has not been carefully analyzed and discussed in connection with the ongoing disputes between DESS and the District Attorney's Office. We believe this is the ultimate issue. The related question becomes what level of County funds should or should not be expended should a judgment be reached that State and Federal reimbursements are not adequate to defer all necessary costs.

It is clear the process of negotiating funding for the welfare fraud function is dysfunctional and marked by misunderstanding. It is our conclusion this is true both because there has been inadequate exploration and analysis of the underlying substantive issues and because the departments appear to rely too heavily on email exchanges on these sensitive and complicated issues. Major consideration of these concerns should take place in well-planned and organized meetings with common goals and objectives. The results of our investigation suggest that to prevent disagreements on what should be indisputable facts, such as the amount of an allocation and the process and rules for reimbursement, there should be a mutually agreed process to reach concurrence on these fundamentals. We suggest that basic questions on, for example, available funding and claiming procedures need to be resolved before substantive budget discussions take place.

All of the above disputes have persisted without resolution for, in many cases, years. As a result of these disputes and other factors, the relationship between DESS management and certain staff and managers of the District Attorney has deteriorated to an unacceptable level and inhibits both agencies from pursuing their joint missions in the best interest of the citizens of Yolo County.

Our findings suggest this is an area the Board should monitor through involvement of its administrative staff and periodic Board review. We also recommend that line staff in both agencies should have a significant role in identifying the issues and crafting the solutions. This joint work must include clearing the air with respect to perceived differences and finding constructive ways to work past so-called "philosophical differences". These differences will not and need not be erased, but they must not be permitted to interfere with accomplishing the mission of either agency.

“8. Witnesses reported that DESS management instructs staff to not speak directly with welfare fraud investigators.”

Conclusion from our investigation

- This conclusion is not supported by the evidence. The regular processing of fraud referrals appears to work smoothly.
- There have been issues with other types of investigations. These disputes all appear to have arisen from differences of opinion pertaining to the application of confidentiality rules to ongoing criminal investigations.

Discussion

The implication of this finding is that DESS staff has been instructed, generally, not to speak directly with investigators concerning welfare fraud cases. This finding is not supported by our investigation. DESS staff have received no such general instruction and both DESS staff conducting “early fraud” investigations and eligibility workers discovering suspected fraud regularly and routinely interact and speak to DA investigators without complaint, harassment or retaliation as has been suggested.

There have been isolated instances where DESS management believed their staff violated applicable laws regarding maintaining the confidentiality of information in their files in communications with DA investigators. For the most part, these incidents involved information beyond routine welfare fraud investigation. Action was taken by DESS management in those instances. Our investigation leads us to conclude that, in the context of the deterioration of the relationship between DA and DESS management, and given the mistrust and misunderstanding between DESS and DA staff, these incidents have been blown out of proportion and generalized.

“9. Client files are not being made readily available to investigators.”

Conclusion from our investigation

- The evidence does not support this allegation. There was a problem which was “resolved” by an agreement that has been honored by DESS. The District Attorney’s Office continues to believe more information should be provided. This issue should be the subject of future forthright discussion between departmental managers.

Discussion

This finding appears to relate, in part, to finding 8, above. Our investigation reveals that there was a dispute between DESS management and the District Attorney’s Office regarding the process for and extent of DA investigator access to DESS client files. Eventually, an agreement was reached on a process for the DA to retrieve requested information. It has been suggested DESS has not honored this agreement. Our

investigation reveals a single incident, shortly after the agreement was reached, where a response was delayed due to the absence of the DESS staff person assigned to receive the response. Since then, the District Attorney's Office reports no other incident.

Despite the agreement, however, the District Attorney and his staff continue to believe the nature of information shared with them is inappropriate and that they should have fuller access to file information. Even though DESS has continuously honored the agreement with the DA for the provision of information, we believe the access issue should be revisited, as there may be merit in the District Attorney's position.

Several of the issues discussed above as well as others have been raised over the years by District Attorney staff. This staff feels there has been a lack of response to serious issues and, moreover, that there has been retaliation for efforts to address the perceived problems. The evidence we gathered does not support the conclusion there has been purposeful retaliation. What we have seen, however, is substantial frustration on both sides of the issues that has inhibited the ability of those involved to process and resolve issues promptly, professionally and civilly. This circumstance engenders fear and paranoia. We suggest prompt management intervention is essential to assure that issues are identified, scoped, forthrightly discussed and finally resolved so that business challenges do not become interpersonal problems and impediments to work.

Closing Comment.

We thank the Board of Supervisors for the trust shown us in asking that we undertake this assignment. We also thank the many staff members of the Department of Social Services who provided information for their assistance and cooperation. We acknowledge the complete cooperation of the District Attorney and his staff, and that of the County Administrative Officer and staff, the staff of the Human Resources Division, the Auditor-Controller and his staff and of various others in the County. Our work could not have been completed without the help of all of these people.

We hope our work will be useful to the Board in its efforts to support the mission and employees of DESS. We also trust this report will assist the public and County employees to understand the circumstances at DESS. The vast majority of employees at the Department are dedicated to doing their jobs well and are successful in providing a high level of service to the public. There are challenges at DESS. With dedication and effort, however, and with some patience, the challenges can be overcome.