

ASSESSOR'S DEPARTMENT

REASON FOR INVESTIGATION

The Nevada County Civil Grand Jury received numerous complaints alleging mismanagement in the county Assessor's Department.

PROCEDURE FOLLOWED

The Grand Jury interviewed:

- .. Nevada County Assessor Arthur Green
- .. Two temporary employees of the Assessor's Department
- .. Eleven employees of the Assessor's Department
- .. Nevada County Information Services Director Stephen T. Monaghan
- .. Nevada County Auditor-Controller Bruce Bielefelt
- .. Former Nevada County Personnel Director Lori Walsh
- .. Acting Nevada County Administrator Roy Pederson

In addition, the Grand Jury completed an on-site inspection of facilities and equipment in the Assessor's Department; reviewed Personnel Department documents for the Assessor's Department; calculated three years of payroll and accounting records for the Assessor's Department; examined a Government Finance Research report, prepared for the Assessor on A Proposed Online, Internet Information Service Proposed Fee Charges; reviewed an employee study prepared for the Assessor by an outside firm; inspected two mini-storage units rented to the Assessor and reviewed the county's Three-Year Plan for Automation, written in September, 1998.

FINDINGS

1. Since 1997, the Assessor's Department has spent more than \$705,000 of taxpayers' money to maintain and upgrade his computer system. He testified that the new system will yield "better assessments" for the county.
2. The Assessor's proposed computer system is non-operational. He said his project is between 60 and 70 percent complete and estimated it will cost between \$250,000 and \$500,000 to complete the project.
3. In December, 1999, Stephen T. Monaghan, Director of Information Systems for Nevada County, told the Supervisors, at a board meeting, "...In the county's best interest... it would be advisable to have the Assessor provide the proper project documentation and information. It has been ongoing for almost three years without any demonstrated project plan or management and therefore cost hundreds of thousands of dollars already spent by the Assessor."
(Emphasis added by Grand Jury.)
4. Monaghan told the Supervisors that a computer systems design may be compared to a blueprint for a building, and added that 80 percent of a project is design, specifications,

COUNTY OF NEVADA

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Clerk of the Board

May 10, 2000

The Honorable Carl Bryan
Presiding Judge of the Nevada County Courts
Nevada County Court House
Nevada City CA 95959

Subject: Board of Supervisors' Responses to the 1999-2000 Nevada County Civil Grand Jury Interim Report No. 2 dated February 17, 2000, regarding alleged mismanagement in the county Assessor's Department

Dear Judge Bryan:

The attached responses by the Board of Supervisors to the 1999-2000 Nevada County Civil Grand Jury Interim Report No. 2 dated February 17, 2000, are submitted as required by California Penal Code §933(c).

These responses to the Grand Jury's findings and recommendations were approved by the Board of Supervisors at their regular meeting on May 9, 2000.

The Board of Supervisors would like to thank the members of the 1999-2000 Grand Jury for their participation and effort in preparing the Interim Report.

Sincerely,

Bruce Conklin
Chairman of the Board

Attachment

bc:pb

cc: Foreman, Grand Jury
Ted Gaebler, County Administrator
County Counsel

File: gj00j1-2

**NEVADA COUNTY BOARD OF SUPERVISORS RESPONSES TO
1999-2000 CIVIL GRAND JURY INTERIM REPORT NO.2
DATED FEBRUARY 17, 2000**

RE: ALLEGED MISMANAGEMENT IN THE COUNTY ASSESSOR'S DEPARTMENT

Response Summary

The 1999-2000 Nevada County Civil Grand Jury, in their Interim Report No. 2, dated February 17, 2000, concluded that lack of budgetary oversight by the Board of Supervisors and the County Administrator's office led to uncontrolled spending by the Assessor.

The Nevada County Board of Supervisors disagrees with this conclusion and did in fact provide budgetary oversight consistent with relevant powers of the Board and the Assessor as established by Government Code Sec. §25303. This Code section, in general terms, provides that the Board of Supervisors is charged with the duty of overseeing the performance of the duties of County officers, including other elected officials. Government Code Sec §25303 states:

"The Board of Supervisors shall supervise the official conduct of all County officers, and all officers of all districts and other subdivisions of the County, and particularly insofar as the functions and duties of such County officers and officers of all districts and subdivisions of the County relate to the assessing, collecting, safekeeping, management, or disbursement of public funds. It shall see that they faithfully perform their duties, direct prosecutions for delinquencies, and when necessary, require them to renew their official bond, make reports and present their books and accounts for inspection."

In construing the Board of Supervisors' duty to supervise the functions of other County officers, the courts in California have subsequently concluded that the Board's obligation does not allow it to direct the manner in which the various officers perform or discharge their duties. In other words, the supervising authority of the Board of Supervisors is limited to ensuring that an officer faithfully performs the duties of the office and does not permit the Board to control, either directly or indirectly, the manner in which the duties are performed.

Within this oversight limitation however, it remains clear that the Board does retain budgetary oversight of an elected official to include establishment and approval of an annual budget, appropriations for non-budgeted expenditures, and approval of contracts and agreements requiring Board execution as established by County contracting policies and regulations. The Board can require adherence to other County policies that would not inhibit the accomplishment of an officer's official duties established by the California Constitution and other applicable code sections and regulations.

The County Administrator performed appropriate due-diligence and administrative oversight of Assessor activities subject to Board policy direction. Beginning in 1999, the County Administrator became aware of the magnitude of the Assessor's plans to move forward with the development of a new property tax management computer system. Since then, the County Administrator and the Board have been aware of, and involved in, a number of on-going Board policy issues related to the Assessor's project. These policies included limitations on employment of temporary workers, limitations on the internal transfer of funds within expenditure classifications, information system development coordination procedures, contracting policies,

computer and computer-related purchasing procedures, personnel recruitment and hiring, and equipment inventory requirements.

In each case involving these issues, staff has taken direct action to work with the Assessor to clarify each policy, provide recommendations on how to proceed with his project within County policy and budgetary constraints, and to enforce requirements when cooperation was not forthcoming. Additionally, the Board took formal action in December 1999 to disapprove the Assessor's proposed software development contract until questions regarding system development and compliance with County policies were satisfactorily answered. The Board also directed the Auditor-Controller in January 2000 to perform a special audit of transactions of specified items in the Assessors office to determine if any improprieties or irregularities occurred within a certain time frame.

As discussed, the Board does not have the authority to tell another elected officer how to perform his duties and responsibilities. In this case, the Board can not direct the Assessor to either develop a new property tax management system or not to develop one. It is the responsibility of the Assessor to make this determination. The Board is limited to ensuring the system is being developed consistent with County regulations and Board policy direction, impacts on other dependent county systems and functions are being considered, and to ensure public funds are properly managed and disbursed within statutory limitations set forth in the Government Code.

We believe the Board has accomplished its responsibilities in this regard and we will continue to work with the Assessor to achieve understanding and compliance with County policies. *The responsibility for leadership, sound judgement, and operational decisions regarding budget expenditures, system development, purchasing choices, and personnel management consistent with County policy are rightfully within the authority of the Assessor who must ultimately answer to the public for his actions.*

FINDINGS & RECOMMENDATIONS

I. GRAND JURY INVESTIGATION:

Assessor's Department

A. RESPONSE TO FINDINGS & RECOMMENDATIONS:

Findings:

1. **Since 1997, the Assessor's Department has spent more than \$705,000 of taxpayers' money to maintain and upgrade his computer system. He testified that the new system will yield "better assessments" for the County.**

Neither agree nor disagree with first sentence. The County administrator can not validate the amount reported by the Civil Grand Jury.

Neither agree nor disagree with the second sentence. The Board has no knowledge of the Assessor's testimony to the Civil Grand jury.

2. **The Assessor's proposed computer system is non-operational. He said his project is between 60 and 70 percent complete and estimated it will cost between \$250,000 and \$500,000 to complete the project.**

Neither agree nor disagree with the first sentence. To date, neither the County Administrator or information system department staff have been given a demonstration of how the new system is presently working, or will work. The Union, a local newspaper, reported in January 2000 that the Assessor was able to demonstrate uses of his system. However, a subsequent demonstration scheduled for the first week in February 2000 with the County Administrator, the Information Systems Director and other County staff was cancelled and has not been rescheduled by the Assessor.

Neither agree nor disagree with the second sentence. The Board has no knowledge of the Assessor's testimony to the Civil Grand jury.

The County Administrator has documented only two specific pieces of information regarding the estimated costs of the project. The County Administrator was given a one-page outline in March 1999 estimating a County cost of \$620,000 over a five-year period with offsetting revenue of \$932,500. This cost was only for the Assessor's Office portion of any change and did not include costs for the related portions of the Auditor-Controller's Office or Treasurer-Tax Collector.

Secondly, the Assessor presented a proposed contract for "Assessor's property management development, support and maintenance of computer systems" to the Board of Supervisors on December 14, 1999. The contract would have cost the County \$210,000 over an eighteen month period but was disapproved by the Board pending resolution of questions regarding Assessor compliance with County policies.

3. **In December 1999, Stephen T. Monaghan, Director of Information Systems for Nevada County, told the Supervisors, at a Board meeting, "... In the County's best interest.. It would be advisable to have the Assessor provide the proper project documentation and information. It has been ongoing for almost three years without any demonstrated project plan or management and therefore cost hundreds of thousands of dollars already spend by the Assessor."** (Emphasis added by Grand Jury)

Agree. The County Administrator had several discussions with the Assessor during FY 1998/1999 regarding the need to bring a comprehensive system development plan to the Board of Supervisors for review. It had become apparent the Assessor had made significant purchases over the past few years towards achieving a plan for computer services having an overall impact on other County operations and resources. Most importantly, the Board had never addressed this plan in its entirety. It was clearly identified by Administration that support and coordination from both the Auditor-Controller and Treasurer-Tax Collector would be needed. The property management database the Assessor was proposing to remove from the County system to a different platform under Assessor control is inextricably linked to the functions of those other offices and would be directly impacted by any changes to the Assessor portion of the shared system.

The issue was also discussed during the Assessor's Budget Subcommittee meeting for the FY 1999/2000 proposed budget on June 21, 1999. The Assessor reiterated with Subcommittee members that the funds being requested in his budget were for maintenance of ongoing operations and that the issue of moving forward on his "Property Tax System Rewrite" project would be brought to the Board separately. Administration offered to assist the Assessor in bringing the issue to the Board to help ensure complete and accurate understanding of the implications, past and future investment issues, and benefits. The Assessor responded in writing (e-mail) to Administration staff following the Subcommittee meeting that he recognized the importance of bringing everyone up to speed and he would address the issue with the County's IS Director in an effort to better communicate the technical aspects of his plan to the Board, County staff, and the public.

The County Administrator and Administration staff reminded the Assessor on several occasions in 1999 about the need to bring a complete proposal to the Board which would coordinate the role of the Auditor-Controller and the Treasurer-Tax Collector, and would address the impact of moving shared County data onto another platform. Instead he eventually brought his own report to the Board in the form of a contract proposal (described in response to Finding #1) on December 14, 1999.

4. **Monaghan told the Supervisors that a computer system design may be compared to a blueprint for a building, and added that 80 percent of a project is design, specifications, analysis, etc. Writing and implementing the programs is 20 percent. Without proper design, he reported, the proposed system “is doomed to failure.”**

Agree. The Information Services Director advised the Board on December 14, 1999 that the Assessor’s proposed contract for “Assessor’s property management development, support and maintenance of computer systems” displayed the following serious shortcomings:

- It lacked an appropriate project definition and there were no deliverables for which the contractor would be held liable.
- There was inadequate information to determine if the timeframe/compensation was reasonable.
- It contained no detailed technical architecture, making it unenforceable.
- The compensation schedule left the County vulnerable and was entirely inappropriate for an industry-standard software development contract.
- The project had not been coordinated with the County’s central IS systems to ensure effective co-existence and data-sharing capabilities.

In response, the Board disapproved the contract and directed the Assessor to comply with Board policy regarding centralization of information services.

5. **The Grand Jury requested from the Assessor a copy of his systems design (blueprint). The Assessor was unable to provide one. A temporary employee in charge of the proposed computer system testified that many aspects of the design “are in Art Green’s head” rather than on paper.**

Neither agree nor disagree. The Board has no knowledge of what the Civil Grand Jury requested from the Assessor or what testimony a temporary employee may have presented.

The Board requested the Assessor provide the required information to the IS Department so that the project could be evaluated before any further system development expenditures were made.

To date, the Assessor has not provided any technical architecture, plan, or documentation to IS Department staff that describes the new system and how each component will interface with each other, other county systems, and web-based communication systems.

6. **After taking office in late 1998, the Assessor allowed two temporary employees (husband and wife) to work on the proposed office computer system at their private home, without supervision or documentation of work hours except for the workers' own handwritten time cards.**

Agree. The issue of the temporary employees working from their home office was first brought to the County Administrator's attention in late June 1999 when the Assessor was seeking approval for a number of last minute purchases and encumbrances from remaining FY 1998/1999 funds. Administration required justification for the request to reimburse the temporary employee \$1,376.22 for the installation of four phone lines to his "work site" as well as 12 months of phone service in advance.

When the Assessor clarified that the "work site" was the individual's home office, the request was denied as inappropriate. The County Administrator had not approved the plan in advance, there was no Board-approved County policy on telecommuting which would govern temporary employees, and advance payment of phone services was not authorized by county regulations.

7. **The Assessor testified he verbally approved overtime for the temporary workers, who were paid \$42,458 in overtime plus their combined salaries of \$85,136, in 1999 alone. The Assessor said he was unaware of the total overtime costs.**

Neither agree nor disagree. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury.

8. **The Assessor further testified that the male temporary worker was his former business partner. This temporary worker is also repaying a personal loan to the Assessor, according to annual conflict of interest filings by the Assessor.**

Neither agree nor disagree with the first sentence. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury.

Agree with the second sentence.

9. **The Assessor said he let the male temporary employee participate in management decisions, including evaluation of staff, reviewing job applications and conducting interviews. The Assessor said he also directed the temporary employee to look at the staff "under a microscope."**

Neither agree nor disagree. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury.

10. **The Assessor said he placed that same temporary employee in charge of the department and staff in the Assessor's absence.**

Neither agree nor disagree. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury.

Unless otherwise specified by statute or County Ordinance, County department heads have the authority to designate employees within their department to serve on their behalf when absent. The Assessor's decision to place a temporary employee in charge of his department in his absence was within his managerial judgement.

11. **Some of the County-purchased computer equipment was delivered directly to the temporary employee's family home. The Assessor ordered the connection of computer modem (phone) lines between that private home and the Rood Center, at County expense.**

Partially agree. The Board and the County Administrator have no direct knowledge about the allegation of delivery of County-purchased equipment to the temporary employee's home. However, as noted above in the response to Finding #6, the County Administrator was made aware of the Assessor's desire to retroactively reimburse the temporary employee for telephone line connection costs. In a meeting on August 2, 1999, Assessor's staff again raised the issue of the County Administrator not sanctioning or approving of the reimbursement or the working from home arrangement. The County Administrator did not approve the Assessor's request for retroactive reimbursement.

Subsequently, Administration staff learned on November 23, 1999 that the Assessor had approved reimbursement for the phone lines on August 6, 1999 and the Assessor had been paying the ongoing phone charges for those lines to the temporary employee's home from his approved budget. An investigation of the reimbursement indicated that County policies had been observed with respect to needed documentation and receipts, and the action took place during a time when the County Administrator's approval was not required. (The County Administrator's authority had previously been required since there had been an unofficial "purchasing freeze" for the last two months of the fiscal year. In the absence of such a requirement, all department heads have the authority to exercise their own discretion and judgement in authorizing purchases and payments that do not otherwise require higher level approval.)

Given the situation, the County Administrator determined that the Assessor had taken full responsibility for providing reimbursement for the phone lines and service at the County's expense. However, immediately following the Board's December 14th action, directing the Assessor to proceed with his project in conformance with Board policy by submitting his project definition to the IS Department, the County Administrator ordered the phone lines disconnected. He then also advised the Assessor that continuing to pay phone charges for activities that were related to his system development project was an inappropriate use of County funds.

12. **The appraisal records for the temporary employee's home and property have disappeared from the Assessors confidential files and are still missing as of the date of this report.**

Neither agree nor disagree. The Board has no knowledge of what may be missing from the Assessor's confidential files. The Board is also unaware if the suspected theft or misplacement of official appraisal records has been referred to proper authorities by the Civil Grand Jury for investigation.

13. **Employees testified they have frequently been confused about the "chain of command" since the Assessor took office in late 1998. They also said morale has never been lower and the office is in disarray. The Assessor twice testified he was unaware of any morale problems in his office.**

Partially agree. The Board has no knowledge of what testimony employees or the Assessor presented to the Civil Grand jury. However, during November and December 1999, the County Administrator's Office received unsolicited testimony from employees in the Assessor's Office regarding morale issues and allegations of mismanagement and possible illegal activities. Following a discussion with the District Attorney regarding employee allegations, the County Administrator initiated a request to the Auditor-Controller to first address allegations of missing equipment. That request culminated in reports to the Board of Supervisors by the Auditor-Controller on January 18, 2000 and January 31, 2000.

The County Administrator did not take further action regarding the employee complaints at that time because of the on going Civil Grand Jury investigation. This investigation may be resumed if and when deemed to be appropriate.

14. **The Assessor's office is understaffed due to unfilled positions. All employees interviewed, testified that understaffing causes many difficulties and delays. They further testified they believed salaries were being saved by understaffing to pay for computers and software.**

Partially agree. During approval of the FY 1999/2000 budget, the Assessor's Office had 10 of 33 authorized positions vacant, a 33% vacancy rate. This compares with an overall 10% County employee vacancy rate as of October 1, 1999.

The Board has no knowledge of Assessor employee testimony to the Civil Grand Jury regarding staff vacancy impacts.

County Administration staff was involved in numerous discussions with the Assessor's Office during the previous fiscal year regarding excessive spending by the Assessor for Class 2 expenses (Services & Supplies). Significant purchases for computers and computer-related items were showing up in random reviews of the County's financial accounting records for the Assessor's office. Documentation in March 1999 indicated the Assessor's staff questioned whether or not they would need Board approval to transfer funds saved from Class 1 expenses (Salaries & Benefits) to cover

unbudgeted Class 2 expenses. The County Administrator orally advised them at that time and on subsequent occasions that Board approval was required to transfer funds from Class 1 expenses for salaries & benefits to unbudgeted Class 2 expenses for services & supplies.

15. **Regarding the unfilled positions, the Assessor testified that personnel recruitments have been delayed by the Personnel Department. Records show it took the Assessor from 2½ to 5½ months to provide required job descriptions to the Personnel Department.**

Neither agree nor disagree with the first sentence. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury.

Personnel recruitment actions for the Assessors Office were generally delayed for a variety of reasons related to incomplete and inaccurate job descriptions being submitted to Personnel by the Assessors office, Assessor delays in responding to questions, and lack of adherence to County Personnel policies relating to recruitment actions.

The average time to process all county recruitments from receipt to posting was 26.4 days during the period July – December 1999.

Agree with the second sentence.

16. **A review of the Assessor's 1998/1999 actual expenses, compared to the budget, shows that salaries were \$119,864 under budget while operating expenses, including computers, were \$108,544 over budget. There is no evidence that a required budget transfer was approved. This shifting of budgeted funds has continued in the first half of fiscal 1999/2000.**

Partially agree. As indicated in the response to Finding #14, the Assessor was advised in March 1999 that funds approved for salaries could not be used for other expenses without Board approval. He was advised that the approval could be requested either by taking the issue to the Board himself or within a County mid-year budget amendment that would be prepared by the County Administrator. All department heads, including the Assessor, were notified by a memorandum from the County Administrator on April 20, 1999 that budget adjustments could be submitted for inclusion in the Board action that eventually took place on June 1, 1999. The Assessor failed to submit a complete and adequate justification with his budget amendment request, so it was not included in the mid-year budget amendment.

The Assessor was then advised that such a transfer could be taken to the Board during the final ("clean up") budget amendment for the fiscal year which was intended to take place sometime after July. Due to workload and staff changes within the County Administrator's office, the FY 1998/1999 final amendment was not approved by the Board until November 2, 1999. This amendment included the total budget reconciliation by department rather than a transfer from one class of funds to another within a department (which is the County Administrator's usual practice.)

The Assessor's Budget expenditures for FY 1999/2000, for both "operating expenses" and salaries and benefits have remained within the budgeted appropriation limits.

17. **Employees said appraisals of commercial properties within Nevada County are not being performed adequately due to the shortage of workers thus losing potential tax dollars for the County.**

Neither agree nor disagree. The Board has no knowledge of what testimony Assessor employees presented to the Civil Grand Jury.

The Board has not received any information that commercial property appraisals are being inadequately performed.

18. **A training facility has been established within the Assessor's office and equipped for training employees. That facility remains locked and unused for its stated purpose.**

Neither agree nor disagree. The Board has no knowledge of how and for what purpose the Assessor is using his designated training room. Use of training facilities in the Assessor's office is within the operational responsibility of the Assessor.

19. **Assessor's employees told the Grand Jury they have repeatedly met resistance from the Administrators in their attempts to attend continuing education classes required by the state.**

Neither agree nor disagree. The Board has no knowledge of what testimony Assessor employees presented to the Civil Grand Jury.

The Board approved the appropriation of \$34,000 in the FY 1999-00 Assessor Budget for training and travel expenses. These funds were in response to the Assessor's request to send 14 employees to State Board of Equalization workshops and for attendance at Assessor Standards meetings. It was within the authority of the Assessor to determine if these funds were actually spent on the training requested.

20. **A former long-term employee in the Assessor's Department, who was the Assessor's election campaign manager, was promoted to Assistant Assessor. After her three-month probationary period, the Assessor made her appointment permanent. Just two weeks later, the Assessor removed her from that position. The Assessor told the Grand Jury she "was not doing the job."**

Partially agree. A long-term employee in the Assessor's office was promoted to Assistant Assessor and was removed from that position after her probation period ended. The Board is unaware of the political relationship of the employee to the Assessor.

Neither agree nor disagree with the last sentence. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury.

21. **Subsequently, the Assessor named another of his campaign workers to that same assistant's position, although that individual did not meet job description requirements. After the Grand Jury questioned the Assessor, in January 2000, he hired another friend as his temporary assistant.**

Neither agree nor disagree. The Board has no knowledge of the relationship to the Assessor, qualifications, and experience of the person hired as his temporary assistant.

22. **The Assessor told the Grand Jury he let another of his campaign workers, not an employee of the County, have unlimited access to the Assessor's office. He also issued the man an Assessor's department badge.**

Neither agree nor disagree. The Board has no knowledge of the Assessor's testimony to the Civil Grand Jury or whether he issued the person referenced by the Civil Grand Jury an Assessor's Department badge.

23. **Employees concluded that this campaign worker, described by the Assessor as his "political advisor", was acting in a management capacity and had access to confidential information. Employees said the man was present during review of job applications and other administrative functions.**

Neither agree nor disagree. The Board has no knowledge of what testimony the Assessor employees presented to the Civil Grand Jury.

24. **The County requires each of its departments to maintain an ongoing inventory of all equipment valued at from \$1,000 to \$2,500. The recent County audit of the Assessor's Department found the inventory was not prepared until January 18, 2000, well after the Assessor's office was under investigation by the Grand Jury.**

Agree. When the threshold was raised to \$2,500 in November 1998 (Resolution No. 98-482), the County Administrator directed departments to be responsible for their own inventory lists. The list submitted with the Auditor-Controller's report to the Board of Supervisors appears to indicate that the Assessor's list was not prepared until January 18, 2000.

25. A \$4,400 study was prepared for the Assessor and his proposed computer system, by the Government Finance Research firm. It also contained information from the other "online" counties of San Bernardino and San Diego. The research firm reported that San Bernardino has yet to have a "hit" on its Internet subscriber sites and San Diego was planning to full service as of October 1999. The report concluded. "The Nevada County Assessor, along with San Bernardino and San Diego are on the cutting edge of a new paradigm of information services and it is difficult to gather information that is not yet there." (Emphasis added by Grand Jury).

Agree. The referenced report was provided to the County Administrator.

RECOMMENDATIONS

1. **The Grand Jury recommends that the Assessor provide the County Informational Services Department with complete documentation of the proposed computer systems design within three months. This should be accomplished before any further funds are spent on this project.**

The Board agrees that complete documentation of the Assessor's proposed property tax management system should be provided to the County Information System department within three months.

To date, the Information Systems Department has not received any documentation from the Assessor although the County Administrator is not aware that any further funds have been expended on this project.

Board Policy #B99-02 was adopted on October 26, 1999 and its stated goal is to "provide consistent and cost-effective information processing and data availability to Nevada County employees to achieve County goals, while maintaining data and system integrity." The Board's interest is in reducing redundant resources and capitalizing on pooled resources. It is also the intent of this Board policy to decentralize data, increase flexibility of user departments to access and use data while insuring that County networks and systems are maintained and operating efficiently. By the Board action taken on December 14, 1999, the Assessor's conformance with this policy is expected and considered to be in the best interests of the County.

2. **The Grand Jury recommends that the Assessor recognize the fact that his office is in disarray and that he take the necessary steps to improve the situation including, but not limited to:**
 - **Hire an assistant assessor who has experience and qualifications set forth by the County Personnel Department. And possesses strong managerial skills**
 - **Fill personnel vacancies with qualified people.**

- **Learn to improve his administrative/managerial skills**

The actions recommended by the Civil Grand Jury are not within the authority of the Board of Supervisors to impose upon the Assessor. They are clearly within the authority of the Assessor to implement, as he believes they are needed to fulfill his statutory duties and responsibilities.

The Board of Supervisors agrees that it is always in the best interests of the taxpayers and good government to fill positions with competent, capable leaders and managers. The Board and the County Administrator will offer to help the Assessor improve his ability to manage his responsibilities through staff training and management assistance if requested. However, the Assessor remains responsible for ensuring his statutory activities are well managed, effective functional procedures are in place to accomplish his duties and responsibilities, and qualified staff are hired to get the job done.

As discussed, the Board of Supervisors' authority over other County officers is limited to ensuring that an officer faithfully performs the duties of the office and does not permit the Board to control, directly or indirectly, the manner in which the duties are performed.

3. The Grand Jury recommends the Board of Supervisors immediately implement an effective and efficient budget oversight process.

The recommendation has been implemented.

Board Policy #B99-01 was adopted on October 26, 1999 with the goal of improving the fiscal and economic health of the County. As an outgrowth of that policy, quarterly reviews of each department's revenues and expenses are taking place and being reported formally to the Board. The Assessor has been asked to provide quarterly updates regarding his department's ability to perform its statutory functions in light of the many management challenges currently faced and the direct impact those operations could have on realizing planned revenue for the County. The 3rd Quarter report, which is most crucial because of the availability of actual information in making projections, is currently in process. The Board of Supervisors has also approved an accelerated schedule for the FY 2000/2001 annual budget process that includes changes in the type and amount of data required for budget decision-making purposes. That process is also currently underway.

The County Administrator will be directed to bring a recommendation to the Board through the Budget Subcommittee within the next 120 days for the establishment of a formal policy for the management of budgeted funds and procedures for the transfer of funds for unbudgeted purposes. This formal policy will specify detailed responsibilities and procedures for all County officers and department heads, including independently elected officials.

The County Administrator will also be directed to conduct a comprehensive review of other County budget management, oversight, and reporting procedures and policies within 120 days and make additional recommendations as needed to ensure our financial management system is as strong and effective as possible. This review will include an evaluation of the role of the County Administrator,

department heads, and other elected officials including the Auditor-Controller and the Treasurer Tax Collector in the financial management process.

We firmly believe that adequate budget oversight policies have been and are still presently in place consistent with the relevant powers of the Board and the Assessor as established in the Government Code. The decisions made and actions taken by the Assessor as documented in the Civil Grand Jury report were made outside the oversight authority of the Board. Responsibility for having made decisions to spend, make purchases and exercise management judgement rests entirely with the Assessor.

B. OTHER RESPONSES REQUIRED:

Art Green, Assessor (60 days)

Nevada County Board of Supervisors (90days)

COUNTY OF NEVADA

ART GREEN

ASSESSOR

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(530) 265-1232

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May 24, 2000

The Honorable Carl Bryan
Presiding Judge of the Nevada County Courts
Nevada County Court House
Nevada City, CA 95959

Subject: Assessor's Responses to the 1999-2000 Nevada County Civil Grand Jury interim Report
No. 2 dated February 17, 2000.

Dear Judge Bryan:

As per the request of the Grand Jury foreman, in a letter dated April 28, 2000, the attached additional responses to the recommendations of the Grand Jury Interim Report No. 2 dated February 17, 2000, are submitted as required by California Penal Code, Section 933.05.

The Assessor would like to thank the members of the 1999-2000 Grand Jury for their participation and effort in preparing the Interim Report.

Sincerely,

Arthur G. Green
Assessor

AG/hg

Attachment

cc: Foreman, Grand Jury
Ted Gaebler, County Administrator
County Counsel

COPY

RECOMMENDATIONS

1. "The Grand Jury recommends that the Assessor provide the county Informational Services Department with complete documentation of the proposed computer systems design within three months. This should be accomplished before any further funds are spent on this project."

RESPONSE:

The Assessor deems the recommendation inappropriate and unnecessary, but will comply:

- The recommendation is based upon the inaccurate underlying assumption that the I.S. Department does not already have such information available to it.
 - The proposed computer system is a rewrite of the current computer system for which complete documentation is readily available. It would be a waste of taxpayer money to duplicate the documentation solely to conform to the I.S. Department's particular requests – a waste for which the Grand Jury now bears the responsibility.
 - The I.S. Department has little or no background in the Assessor's Property Tax system. The Assessor would consider it an abrogation of his duties to delegate responsibility for the Assessor's Property Tax computer system, over which he has 24 years of computer experience, to the I.S. Department, which has little or none.
2. "The Grand Jury recommends that the Assessor recognize the fact that his office is in disarray and that he take the necessary steps to improve the situation including, but not limited to:
 - Hire an assistant assessor who has experience and qualification set forth by the county Personnel Department, and possesses strong managerial skills.
 - Fill personnel vacancies with qualified people.
 - Learn how to improve his administrative/managerial skills."

RESPONSE:

The Assessor rejects the contention that the office is in disarray. Quite the contrary, the Assessor's Office has exceeded historical production levels even during the introductory year of this Assessor's administration. The Assessor's Office is

constantly striving to improve managerial skills while adhering to standard administrative practices. To wit:

- Personnel vacancies have been filled in conformance with County Personnel Codes and Practices. Exemplary personnel have been hired despite the extremely low and noncompetitive salaries offered by Nevada County. Recently, the Assistant Assessor resigned in protest over the current low salaries of Assessor's Office employees. At least one position remains vacant where qualified people cannot be recruited at current substandard salary levels. Such a vacancy appears to be the responsibility of either the Board of Supervisors or the County Administrative Officer, or both, since those officers are responsible for both setting salaries and filling vacancies.
 - Training funding for all staff, including management, has been significantly increased over prior years.
 - An innovative and cost-effective training facility has been created in the Assessor's Office to further expand training capability while not exceeding budgeted funding.
 - The Assessor, whose past experience includes positions as President and Chairman of the Board of various organizations, has enhanced his training since taking office through several management classes and conferences.
3. "The Grand Jury recommends the board of supervisors immediately implement an effective and efficient budget oversight process."

RESPONSE:

The Assessor notes that this recommendation is directed to the Board of Supervisors, and not to the Assessor. However, the Assessor rejects the unfounded implication of the recommendation that adequate oversight does not already exist or that there may have been inappropriate use of funds. Funds have been utilized in an appropriate, cost-effective manner beneficial to the County. Moreover, an effective and efficient budget oversight process is already in place. Extensive communication and cooperation between County Administration and the Assessor's Office has taken place in the Assessor's first year of office. Appropriate budgetary safeguards and approvals have been followed. Further oversight would be unnecessary and wasteful of taxpayer money and could be in violation of statutes establishing the constitutional responsibilities of elected officials.

analysis, etc. Writing and implementing the programs is 20 percent. Without proper design, he reported, the proposed system "is doomed to failure."

5. The Grand Jury requested from the Assessor a copy of his systems design (blueprint). The Assessor was unable to provide one. A temporary employee in charge of the proposed computer system testified that many aspects of the design "are in Art Green's head" rather than on paper.

6. After taking office in late 1998, the Assessor allowed two temporary employees (husband and wife) to work on the proposed office computer system at their private home, without supervision or documentation of work hours except for the workers' own handwritten time cards.

7. The Assessor testified he verbally approved overtime for the temporary workers -- who were paid \$42,458 in overtime plus their combined salaries of \$85,136 -- in 1999 alone. The Assessor said he was unaware of the total overtime costs.

8. The Assessor further testified that the male temporary worker was his former business partner. This temporary worker is also repaying a personal loan to the Assessor, according to annual conflict of interest filings by the Assessor.

9. The Assessor said he let the male temporary employee participate in management decisions, including evaluation of staff, reviewing job applications and conducting interviews. The Assessor said he also directed the temporary employee to look at the staff "under a microscope."

10. The Assessor said he placed that same temporary employee in charge of the department and staff in the Assessor's absence.

11. Some of the county-purchased computer equipment was delivered directly to the temporary employees' family home. The Assessor ordered the connection of computer modem (phone) lines between that private home and the Rood Center, at county expense.

12. The appraisal records for the temporary employees' home and property have disappeared from the Assessor's confidential files and are still missing as of the date of this report.

13. Employees testified they have frequently been confused about the "chain of command" since the Assessor took office in late 1998. They also said morale has never been lower and the office is in disarray. The Assessor twice testified he was unaware of any morale problems in his office.

14. The Assessor's office is understaffed due to unfilled positions. All employees interviewed, testified that understaffing causes many difficulties and delays. They further testified they believed salaries were being saved by understaffing to pay for computers and software.

15. Regarding the unfilled positions, the Assessor testified that personnel recruitments had been delayed by the Personnel Department. Records show it took the Assessor from 2-1/2 to 5-1/2 months to provide required job descriptions to the Personnel Department.

16. A review of the Assessor's 1998/1999 actual expenses, compared to the budget, shows that salaries were \$119,864 under budget while operating expenses, including computers, were \$108,544 over budget. There is no evidence that a required budget transfer was approved. This shifting of budgeted funds has continued in the first half of fiscal 1999/2000.

17. Employees said appraisals of commercial properties within Nevada County are not being performed adequately due to the shortage of workers, thus losing potential tax dollars for the county.
18. A training facility has been established within the Assessor's office and equipped for training employees. That facility remains locked and unused for its stated purpose.
19. Assessor's employees told the Grand Jury they have repeatedly met resistance from the administrators in their attempts to attend continuing education classes required by the state.
20. A former long-term employee in the Assessor's Department, who was the Assessor's election campaign manager, was promoted to assistant assessor. After her three-month probationary period, the Assessor made her appointment permanent. Just two weeks later, the Assessor removed her from that position. The Assessor told the Grand Jury she "was not doing the job."
21. Subsequently, the Assessor named another of his campaign workers to that same assistant's position, although that individual did not meet job description requirements. After the Grand Jury questioned the Assessor, in January 2000, he hired another friend as his temporary assistant.
22. The Assessor told the Grand Jury he let another of his campaign workers -- not an employee of the county -- have unlimited access to the Assessor's office. He also issued the man an Assessor's department badge
23. Employees concluded that this campaign worker, described by the Assessor as his "political advisor," was acting in a management capacity and had access to confidential information. Employees said the man was present during review of job applications and other administrative functions.
24. The county requires each of its departments to maintain an ongoing inventory of all equipment valued at from \$1,000 to \$2,500. The recent county audit of the Assessor's Department found the inventory was not prepared until Jan. 18, 2000, well after the Assessor's office was under investigation by the Grand Jury.
25. A \$4,400 study was prepared for the Assessor and his proposed computer system, by the Government Finance Research firm. It also contained information from the other "online" counties of San Bernardino and San Diego. The research firm reported that San Bernardino has yet to have a "hit" on its internet subscriber sites and San Diego was planning to go full service as of Oct. 1999. The report concluded, "The Nevada County Assessor, along with San Bernardino and San Diego are on the cutting edge of a new paradigm of information services and it is difficult to gather information that is not yet there." (Emphasis added by Grand Jury.)

CONCLUSIONS

1. The employees of the Nevada County Assessor have poor morale. There is a shortage of adequately trained personnel. The office is nearing operational paralysis and is in need of sound management, clear direction and good judgment. There may have been a loss of revenue to the county as a result of these problems.
2. The Assessor's proposed new computer system is a waste of taxpayers' dollars. Only 60 to 70 percent complete, it could cost another estimated half-million dollars to finish. There is no blueprint for the project, dooming it to failure. If the proposed system is

finished sometime in the future, it will cost taxpayers many more thousands of dollars to interface it with the county's computer system and to hire additional personnel to oversee it.

3. The lack of budgetary oversight by the Board of Supervisors and the county administrator's office, has led to uncontrolled spending by the Assessor.

RECOMMENDATIONS

1. The Grand Jury recommends that the Assessor provide the county Informational Services Department with complete documentation of the proposed computer systems design within three months. This should be accomplished before any further funds are spent on this project.

2. The Grand Jury recommends that the Assessor recognize the fact that his office is in disarray and that he take the necessary steps to improve the situation including, but not limited to:

" Hire an assistant assessor who has experience and qualifications set forth by the county Personnel Department, and possesses strong managerial skills.

" Fill personnel vacancies with qualified people.

" Learn how to improve his administrative/managerial skills.

3. The Grand Jury recommends the Board of Supervisors immediately implement an effective and efficient budget oversight process.

REQUIRED RESPONSES

1. Nevada County Assessor Arthur Green, due: 60 days.

2. Nevada County Board of Supervisors, due: 90 days.