



City of Compton

OFFICE OF THE CITY MANAGER

Jerry Groomes

City Manager

jgroomes@comptoncity.org

310.605.5585 – City Manager's Office

July 31, 2023

FEDERAL EXPRESS

Mr. Grant Parks
California State Auditor
California State Controller's Office
621 Capitol Mall, Suite 1200
Sacramento, California 95814

**RE: CITY OF COMPTON'S UPDATE TO THE CALIFORNIA STATE AUDITOR
REPORT 2021-802 - CORRECTIVE ACTION PLAN UPDATE – JULY 2023**

Dear Mr. Parks:

Please find the City's update to the California State Auditor 2021-802 Report below. Please contact me with any items that you wish to further discuss or if additional information is needed.

Priority 1 Recommendations:

Recommendation #1:

By April 2023, propose city charter amendments to be voted on in the next statewide general election—and amend all related guidelines, such as the personnel rules and regulations, to the extent permissible under the existing charter—to prioritize an open, competitive hiring process for all positions. The city council's proposed charter amendments should also explicitly require that Compton use an open, competitive hiring process whenever it makes permanent appointments for key leadership positions that include but are not limited to the following: city manager, city controller, human resources director, and budget officer. As part of this process, the city council should develop detailed job qualifications for the city manager position.

By April 2023, formalize the key responsibilities of the human resources department and its director by amending the municipal code or personnel rules and regulations or by proposing charter amendments, and ensure that the department begins making efforts to meet these responsibilities. The responsibilities should include at a minimum the following tasks in the area of recruiting and hiring:

- Perform a salary survey for all positions that compares the city's compensation to that of other cities or employers and update it at least once every three years to ensure that the city is positioned to provide competitive pay. Upon completion of the initial survey, the human resources director should work with the city manager to develop a process for using the survey results to increase compensation where feasible, such as by prioritizing increases for the positions that have the lowest salaries compared to the survey results.
 - Develop a process for maintaining and proactively reviewing job specifications for all positions to ensure that they are reasonably up to date.
 - Document and implement a plan for recruiting, including the websites on which the city will advertise its open positions, to ensure that it attracts qualified applicants for each recruitment.
 - Take ownership of key aspects of the recruiting and hiring process, such as managing labor negotiations and setting and meeting clear goals for filling positions in a timely manner.
 - Formally assess each recruitment effort to determine how the recruiting and hiring process could be improved.
 - Develop and maintain a succession plan for key positions.
 - Document specific procedures for accomplishing the above objectives, such as by updating the recruitment and examination manual, and disseminate the procedures to appropriate staff.
- In addition, the city council should require that the city manager submit a report to the council at least annually that describes the human resources department's status in meeting these objectives and minimizing ongoing staff vacancies.
 - By July 2023, direct the city manager to make efforts to fully staff the human resources department and the city controller's office with qualified individuals to ensure that these departments can address Compton's broader, chronic issues related to staffing and finances. The level of staffing in the departments should be sufficient for the successful performance of key tasks, including those listed in our recommendations.
 - To ensure accountability for Compton's fiscal recovery process, the city should develop and the city council should approve a fiscal sustainability plan by July 2023, that contains specific measures for increasing revenues, decreasing expenditures, and eliminating fund deficits. This plan should identify the individuals responsible for implementing these measures and those responsible for monitoring the city's progress in implementing each action, should include estimated dates of completion, and should describe the estimated fiscal impact of each measure. City management should also inform the city council every quarter of its progress in implementing the plan.
 - By July 2023, the city should develop and the city council should approve an updated capital improvement plan. The city should then immediately begin implementing its updated capital improvement plan for needed infrastructure projects. The plan should set priorities for all projects, with an emphasis on those related to repairing and updating its streets, water system, and sewer system. The plan should include estimated costs and associated funding sources for each project and should take into consideration all prior unspent revenue and existing fund balances, such as Measure P and water fund resources. Compton should update its capital improvement plan at least once every three years.

CITY'S RESPONSE TO RECOMMENDATION #1 – APRIL, 2023:

On March 28, 2023, the City Council adopted a resolution to submit to the voters of the City of Compton at the next statewide general election, a ballot measure relating to a Charter amendment to prioritize an open and competitive hiring process for all positions. The following measure will be submitted to the voters at the statewide general election to be held on November 5, 2024.

On November 17, 2022, the Personnel Board acted to make all positions open and competitive. Subsequently, all recruitments since then have been held as open and competitive.

The City has contracted with a consulting group that will draft detailed job qualifications and specifications for the City Manager position to be approved by the Personnel Board and the City Council.

On April 18, 2023, the City Council adopted a resolution to execute an agreement with a consulting firm specializing in public sector professional services for classification, compensation and succession planning services. The classification study will include position analysis questionnaires from employees, position reviews, comprehensive FLSA analysis, and new/updated draft job descriptions for adoption by the Personnel Board and City Council. The compensation study will include establishment of benchmark agencies, market assessment on base pay, benefits analysis, pay plan development and pay policy review and recommendations. The succession planning will include identifying and assessing key positions within the City, developing competencies for key positions and identifying talent pools. The classification, compensation and succession planning study is currently in progress and estimated to take 4 – 6 months to complete.

The Human Resources department has developed a comprehensive recruitment and hiring plan to fill long-term vacancies within the City. In January 2023, it was identified that the City had approximately 160 total vacancies and pending approximately 70 recruitments. In the last 3 months, the City has filled 18 vacancies and closed 22 recruitments. Additionally, the Human Resources department has created a comprehensive recruiting plan for 50 positions that will be used to fill the remaining vacancies by June/July 2023.

The Human Resources department continues to assess and implement efficient and effective processes for recruitment and hiring activities. The Human Resources department is also in the process of creating comprehensive Standard Operating Procedures (SOP) for major activities within the department including: classification, compensation, recruitment and testing, benefits program, leave management, onboarding and hiring, training and development, labor relations management, and employee relations management.

CITY'S FOLLOW UP RESPONSE TO RECOMMENDATION #1 – JULY, 2023:

Attached is Resolution No. 25,810 authorizing a measure to be placed on the ballot for the next statewide general election to be held on November 5, 2024 for the voters of the City to decide

whether the City Charter shall be amended to include an open and competitive hiring process for all positions.

November 17, 2022, Personnel Board Meeting – attached are the agenda and the minutes from the November 17, 2022, Personnel Board meeting where the Personnel Board took a minute motion to approve Promotional and Open-Competitive Hiring for all recruitments.

The attached Human Resources Roles and Responsibility document formalizes the distribution of duties across all employees in HR and this will also be used as a blueprint to create the standard operating procedures. The Deputy Director of Human Resources position is still vacant. The SOP's is one of the major areas of responsibility for the Deputy Director of Human Resources.

The Human Resources Department has been working on creating internal systems to formalize and track multiple areas in HR.

In addition to previously listed documents, HR is also utilizing the attached Onboarding Tracker as an internal control systems to track and update various activities in HR in real time:

- Employee Allocation List
 - 433 budgeted positions total
 - 17 new positions created in fiscal year 2023/2023
- Vacancies List
 - 63 vacancies filled from January 2023 to July 24, 2023
 - 136 vacancies across the City remaining
- Onboarding Tracker
 - 18 new hires currently onboarding

Attached is the agreement and Resolution No. 25,819 authorizing the selected consultant to perform classification, compensation, and succession planning services. The classification study will include position analysis questionnaires from employees, position reviews, comprehensive FLSA analysis, and new/updated draft job descriptions for adoption by the Personnel Board and City Council. The compensation study will include establishment of benchmark agencies, market assessment on base pay, benefits analysis, pay plan development and pay policy review and recommendations. The succession planning will include identifying and assessing key positions within the City, developing competencies for key positions and identifying talent pools. The classification, compensation and succession planning study is estimated to take 4 – 6 months to complete.

The Human Resources department has developed a comprehensive recruitment and hiring plan to fill long-term vacancies within the City. In January 2023, it was identified that the City had approximately 160 total vacancies and pending approximately 70 recruitments. From January 2023, to July, 24, 2023, Human Resources has successfully closed 51 recruitments, has 30 open recruitments, and 17 upcoming recruitments. Please see the Recruitment and Hiring Plan attached.

The Director of Human Resources will be responsible for submitting an Annual Report yearly highlighting the departments activities from each year. The Annual Report will be completed at the beginning of each calendar year. The Annual Report will include topics such as: HR objectives and background, City of Compton employee breakdown, summary of personnel transactions, recruitment and hiring statistics, and other major activities of the HR department. A Sample Annual Report is included for reviewing purposes only. The Data is not from City of Compton.

The City of Compton has filled several key positions since April 2023, in the Human Resources and Controller's Departments. Human Resources hired a permanent Human Resources Analyst, Benefits Coordinator, Human Resources Specialist, as well as an Office Assistant III. The City recruited for the Deputy of Human Resources position, however the process is being contested by a current employee. The Controller Office filled the positions of Accounting Supervisor and Financial Analyst. The City Controller's Fiscal Year 2023-24 Budget includes the addition of a Collections Officer II, Administrative Specialist, and Purchasing Officer positions to oversee Central Purchasing. A Meet and Confer with the union for the Purchasing Officer position is required to update the salary to a more competitive range. Human Resources added an additional Human Specialist position to the Fiscal Year 2023-24 Budget to assist with recruitment efforts.

An RFP for a fiscal sustainability plan consultant was created on December 21, 2022, and the contract for the work was awarded on the Council meeting date of March 16, 2023. Attached is the contract that was fully executed on May 2, 2023. The work for the consultant is still on-going and expected to be completed by December 30, 2023.

The City of Compton has established a Capital Improvement Plan that address the critical needs of the City. The attached Capital Improvement Plan will be presented to the City Council at a meeting in September, 2023.

Priority 2 Recommendations

Recommendation #2:

After Compton has taken action to address its risk areas of greatest concern, it should do the following:

- By July 2023, city management should complete and the city council should approve an updated cost allocation plan. The council should also ensure that the fiscal year 2023–24 budget and subsequent budgets incorporate the results of this plan. For example, the budgets should include transfer amounts from the water fund to the general fund that accurately reflect the amounts the water fund owes for citywide services.
- By October 2023, the city council should adopt budgeting policies that follow Government Finance Officers Association (GFOA) best practices. For example, the policies should specify that city staff solicit input from the public about priorities before starting the budget process and that the city has a process for ensuring that the city budget document is clear and comprehensible.
- By October 2023, to ensure that its city council has the necessary knowledge and tools to make sound and responsible decisions on behalf of the public, Compton should implement

a robust orientation and ongoing training program for council members, including training related to budgeting, finances, and the council's role in overseeing city operations.

CITY'S RESPONSE TO RECOMMENDATION #2 – JULY, 2023:

Attached is Resolution No. 25,807 which was approved by the City Council on March 28, 2023. The first draft of Cost Allocation Plan was provided by the Consultant on July 20, 2023. The draft is being reviewed by the City Controller and Management. Once finalized, the Budget Office will amend the Fiscal Year 2023-2024 Fiscal Year Budget to incorporate the information from the consultants.

Attached is the Budget Policy approved by the City Council in March, 2023. Management will review Government Finance Officers Association best practices to ensure the City's policy complies with this format. The Budget Policy will be incorporated into the Standard Operations Manual (SOM).

The City Council has already attended various training sessions in the area of budgeting, finances, ethics, capital financing, and auditing, including Cal CPA Fraud Essentials: Who-What-Why-How, Cal CPA Ethics in the Real World, and San Blas Securities Municipal Finance, Budgeting, Auditing and Council Oversight Seminar. The City will implement a robust orientation and ongoing training for council members.

Priority 3 Recommendations

Recommendation #3:

- After Compton has addressed the above recommendations, it should do the following:
- By January 2024, Compton should establish a central purchasing office and hire or formally designate a procurement officer to oversee the city's purchases and contracting, including maintaining all necessary documentation.
 - By January 2024, Compton should create a comprehensive citywide purchasing manual with updated standards and policies regarding purchasing and contracting.
 - By April 2024, the city should develop and the city council should approve an updated master sewer study that identifies infrastructure and maintenance needs.
- By July 2024, Compton should evaluate and the city council should approve updated charges for all city services in accordance with the substantive and procedural requirements of the state constitution. Compton should review its charges for services at least once every three years following this initial update.
- By July 2024, the city council should approve a realistic repayment plan for the amounts that the general fund has borrowed from other funds, with repayments beginning by at least fiscal year 2024–25.
 - By July 2024, the city council should ensure that the city has issued its audited financial statements for fiscal years 2020–21, 2021–22, and 2022–23. The council should adopt a requirement that, for subsequent years, the city must issue complete audited financial statements by six months after the end of the fiscal year. To ensure that it has the ability to meet this requirement, the city should consider measures such as increasing staff in the city controller's office and training them on their responsibilities for preparing the financial

statements.

- By July 2024, the city council should ensure that the city develops and begins implementing a plan for reducing Compton's pension and other postemployment benefits (OPEB) costs and liabilities. This plan may include placing retirement funds into a trust and negotiating changes to employees' contributions for pension and OPEB costs.
- By December 2024, Compton should resolve all of the audit findings it has received that predate its fiscal year 2020–21 audited financial statements and any findings from subsequent audit reports, including findings related to improving financial controls.
- By December 2024, Compton should develop a policy that describes how the city will determine the amount of fire department overtime it budgets each year and perform an analysis that compares the cost of this overtime to the cost of hiring additional firefighters to reduce the need for overtime.

CITY'S RESPONSE TO RECOMMENDATION #3 – APRIL, 2023:

The City of Compton has made efforts to fill critical positions in the Human Resources Department and City Controller's Office.

The City has filled the vacancies of Human Resources Director, Human Resources Analyst, and Human Resources Specialist. The City continues to recruit for the Benefits Coordinator and Deputy Director of Human Resources positions and anticipates having both positions filled by May 2023.

The City Controller's Office currently has three vacancies. The department is currently in the final interview and hiring process for an Accounting Supervisor and Financial Analyst; anticipated to be filled by the end of April 2023. The third vacancy of Accountant II is going through an approval process for the job description update, after which a recruitment will need to occur. The vacancy is anticipated to be filled by June/July 2023.

CITY'S RESPONSE TO RECOMMENDATION #3 – JULY, 2023:

A draft of a comprehensive citywide purchasing manual will be developed by the City Controller on or before January, 2024.

The city will develop an updated master sewer study that identifies infrastructure and maintenance needs by April, 2024.

An increase in fees/rates for inflationary purposes was adopted by Council in April of 2023. Currently the Cost Allocation Plan consultant is also preparing a fee study which will be ready by July 2024.

Resolution No 25,858 approved a revised repayment plan for the amounts that the general fund has borrowed from other funds. The repayments have already been implemented as of FY20/21 retroactively as approved by Council.

Resolution No. 25,857 approved the use of two CPA firms to help the City Controller catch up on all audits. The City Council also approved Resolution No. 25,879 to authorize temp agency agreements which provided the City Controller a safety-net to be able get the audited financial statements completed no later than July 2024. Staff training is on-going.

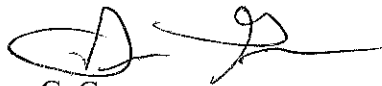
The City Controller's staff has engaged a consultant to prepare scenarios for reducing pension and OPEB costs and liabilities. Their findings are expected prior to July 2024.

Audit finding removal is on-going, and actions are being taken daily to remove past audit findings. Once the Single Audits are completed it will reflect this prior to December 2024.

The City Controller is preparing an RFP to engage a consultant to help with the analysis to determine the amount of fire department overtime it budgets each year and perform an analysis that compares the cost of this overtime to the cost of hiring additional firefighters to reduce the need for overtime. This will be completed on or before December, 2024.

Thank you for this opportunity to respond to the State's Recommendations. Again, I welcome an opportunity to discuss these issues with you further at your convenience.

Sincerely,



Jerome G. Groomes
City Manager

Attachments

cc:

City of Compton:

Emma Sharif, Mayor
Deidre Duhart, Councilwoman District 1
Andre Spicer, Councilman District 2
Jonathan Bowers, Councilwoman District 3
Lillie Darden, Councilwoman District 4
David Paschal, Assistant City Manager
Triphenia Simmons, Assistant City Manager
Sharon Rahban, City Controller
Shristie Torres, Director of Human Resources