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TRANSFORMING THE LIVES OF HOMELESS VETERANS



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TRANSFORMING THE LIVES OF HOMELESS VETERANS LIVING IN LOS ANGELES COUNTY

I SUMMARY

The Los Angeles County 2016-2017 Civil Grand Jury (CGJ) formed an investigative committee to assess the effectiveness of delivering services to Homeless Veterans (HV).

The CGJ found that in October 2015 the County of Los Angeles Board of Supervisors (BOS) approved \$5 million to be set aside from homeless prevention initiative funds, emanating from the Federal government, specifically to the County of Los Angeles to launch a Home for Heroes Program.¹ In addition, the Housing Authority of the County of Los Angeles (HACoLA) awarded \$1.1 million dollars, emanating from the federal government, to implement the Landlord Incentive Program.² The CGJ had concerns regarding the percentage of funds going directly to the veterans versus the percentage of administrative costs to implement the programs. (See Page 97, Figure 1 and 2).

At the local level there are up to 4,700 HV throughout the County of Los Angeles (the County), with approximately 2,700 of them within the City of Los Angeles.³ Approximately one in five veterans return home with combat related psychological injuries (invisible wounds) such as Post-Traumatic Stress Disorder and major depression. The CGJ does not believe those who made such a huge sacrifice to defend our freedom should be left behind. Freedom wasn't free; veterans paid the price for it.

The CGJ set out to discover why, despite Federal, County, and local funding and a variety of programs specifically targeted to HV, they continue to be homeless. This committee researched the issuance and use of veteran vouchers and benefits, veteran housing, alcohol and drug abuse programs, and mental health services that are available to veterans. While there are a variety of services available to HV, improvements are needed to increase access to, and delivery of, necessary services to best serve those who served us.

In late 2009, the White House and the Veteran's Administration (VA) announced an ambitious goal to end Veteran homelessness. The plan to address this urgent national priority was outlined in the "Opening Doors" Strategic Plan which was the nation's first comprehensive federal policy to prevent and end homelessness by 2015.⁴ Notwithstanding the Opening Doors Plan, initial

¹ Per interviews with upper management of the Homeless Initiative, Los Angeles County CEO

² Ibid

³ U.S. Interagency Council on Homelessness, <https://www.usich.gov/opening-doors>

⁴ U.S. Interagency Council on Homelessness, <https://www.usich.gov/opening-doors>

research by the CGJ revealed that as of 2013 there were 58,000 HV across the United States with over 15,000 in California.^{5,6}

According to the experts that the CGJ interviewed, many veterans have problems readjusting to civilian life because of their unique hardship. These veterans are at much higher risk for mental illness, unemployment, substance abuse, homelessness, violence, relationship problems and suicide. A senior staff member at Union Rescue Mission stated that those veterans who do not have strong family support have a high likelihood of becoming homeless within five years of discharge, and therefore have a greater need for supportive services.

There is a personal context to this investigation. While outside a restaurant a couple of years ago, a member of the CGJ was approached by a homeless person. Strangely, this homeless person was calling the CGJ member by name and eventually the CGJ member recalled this person. The two of them served in the Army together during the Vietnam War. Several other members of the CGJ are also military veterans, and they all fully understand the sacrifice a citizen makes when they put aside their personal life to serve for this great country of ours. The CGJ is troubled to know there are veterans who have been left behind, continue to lack job skills, suffer from homelessness and battle health issues.

II BACKGROUND

California Military and Veteran Code Section 920 states that unless the context otherwise indicates, “Veteran” refers to a person that has been honorably discharged from the United States military force, i.e. Army, Navy, Air Force, Marine Corps, Coast Guard, and Merchant Marines.

Los Angeles County is home to the largest veteran population in the country. Unfortunately a large number of these veterans are homeless. In fact up to an estimated 4,700 HV are on the streets of the County on any given day or night.⁷

There are many ways of classifying HV. For the purposes of this report; the committee chose to use the following three categories:

1. Transitional/Situational - When someone is forced into homelessness because of uncontrollable circumstances.
2. Critical Episodes - When someone repeatedly falls in and out of homelessness. This often happens with episodes of severe depression or drug abuse.

⁵ Los Angeles Homeless Services Authority, 2016 Homeless Count Results, Los Angeles County & Los Angeles Continuum

⁶ Los Angeles Times, Who Are L.A. County’s Homeless? October 26,2016

⁷ According to Veteran Incentive Programs

3. Chronic - When someone has no resources at his/her disposal, often suffers from mental health issues and lacks the ability to modify their situation without the support of others.

A. Accommodations for Homeless Veterans

The CGJ conducted their own personal investigation of HV. Committee members walked through Skid Row, one of the most concentrated examples of homelessness in the United States. As it is currently, Skid Row in Los Angeles is a historically condoned “Homeless Zone” which today is a more severe version of its past.⁸ Skid Row is one of the places in the County where homeless individuals, including veterans, find themselves when they lack money, family support and hope.

The committee found that much of the humanitarian assistance received by the homeless veteran is provided by nonprofit organizations. The CGJ was advised by officials at several missions, that some of these organizations receive government funding through grants or via contracts for services, however the majority of the funding is raised privately through donations.

Many of the HV camp in tents or other make-shift shelters in places like Skid Row. The committee visited several Missions. We discovered that veterans with housing vouchers lived in this area, either in the Missions themselves or in nearby tenement buildings that accept vouchers. The tenement buildings tended to be located within walking distance from the Missions. The CGJ found lines of people waiting for food and other supportive services. While the Missions and tenement buildings provide a severely needed service, and their members and volunteers work tirelessly in helping people in need, the facilities themselves are very old and are far from what we would consider desirable (See attached CGJ photos).

On the plus side the CGJ found that the transitional Single Resident Occupancy (SRO) housing did provide a mailbox for each resident and a locker to secure possessions.

B. Budget Set Asides for Veterans:

In recent years, the general homeless population has become an extremely desperate situation. We attempted to find budget set-asides for supportive services specifically for HV. Unfortunately, the County budget for homeless services, does not provide a line itemization for veterans. Funding for supportive services is pooled and budgeted over the entire homeless population.⁹ CGJ found that lack of a HV itemization precludes evaluating the County’s commitment to HV.

⁸ (Fn) Shunsky, Neil: Homelessness: A Documentary and Reference Guide

⁹ Per interviews with Senior Management Homeless Initiative Affairs, Los Angeles County CEO

C. Supporting Services for Veterans:

The support assistance available to veterans consists of the following:

- Housing vouchers
- Tokens for transportation
- Food vouchers issued in a form of money card
- Federal assistance
- Mental Health Services
- Medical Treatment

Through interviews with veteran organizations, the CGJ learned that getting this assistance is a lengthy process that can take an extended period of time once an application is completed. The Los Angeles County Office of Military and Veterans Affairs (OMVA), located in Patriotic Hall in downtown Los Angeles, assists veterans in completing the appropriate forms and receiving the benefits to which they are entitled.

According to senior administrators for the OMVA, HV that are in the Transitional/Situational or Critical Episode categories normally receive their minimum assistance within weeks. However, those in the chronic category with the greatest need for assistance are typically delayed. HV on Skid Row are, at best, offered veterans' voucher housing in substandard tenement motels in areas frequented by homeless populations, close to missions that serve food. These living conditions make it even harder for chronically HV to be reintegrated into society.

D. Poor Treatment of Veterans:

HV have been stereotyped and treated unfairly due to administrative problems. By example, we show here continuing issues involving HV.

- The local residents and businesses do not want the HV in their neighborhoods. Therefore the local police do everything they can to deter the HV from remaining. A simple unpaid jay walking ticket goes to warrant and the HV is arrested, thereby removing him from the neighborhood.¹⁰
- The approved transitional housing for HV, toured by the CGJ, proved to be extremely substandard. It was old and deteriorating, located in the middle of the Skid Row area of trash filled streets lined with tents.¹¹
- The transitional housing and missions where veteran vouchers are accepted are for men only and the families cannot stay together. HV family members, women and children, must find other transitional housing most often many miles away.¹²

¹⁰ Per Senior Management of SRO Housing Corp and various missions

¹¹ See attached CGJ pictures

¹² Per Veteran SRO Transitional Housing Corporation Upper Management

- Everyone is entitled to General Relief from the County if they meet certain criteria. One the criteria is that one must have an address. HV do not have addresses and therefore they do not qualify to collect General Relief.¹³

Federal funds earmarked for veterans are administered by the County in the form of vouchers. These vouchers are specifically for housing. These particular vouchers are referred to as Veteran Affairs Supportive Housing (VASH) Vouchers or PORT Vouchers (transferred from other counties, states and cities). Because of the vouchers limited use, mostly in substandard facilities, the majority of vouchers are not used and become void, within the allocated time period. These voided vouchers go back to the County for reassignment to other HV waiting for housing.¹⁴

“Considering the fact that Los Angeles County is one of the tightest rental markets in the country with a vacancy rate below 3%, this overall lack of affordable rental units presents a significant barrier to housing HV.”¹⁵

The committee found that a great percentage of HV simply don’t know how or where they can go to seek assistance. Because veterans’ outreach services are difficult to find, it was common for them to give up completely after futile attempts and settle for living on the streets, which became their only option. The CGJ asked many staff members at Veterans SRO Transitional Housing Corporation and the Rescue Mission, both located on Skid Row, where the HV reside and congregate, “where can HV go and who can help them with services?” We found it extremely difficult to find any point person to answer this question in the Skid Row area. The concentration of outreach services is located in two places, those being Patriotic Hall and the Veterans Administration in West Los Angeles. Those two areas are not where the majority of HV establish themselves. Patriotic Hall is 2.9 miles from Skid Row and the Veterans Administration is 12 miles from Skid Row.

Some of the greatest hindrances in the lives of HV are that all of their belongings are often carried around in unsecured grocery carts. They desperately need a secure place to leave their belongings. “Projects that should have been relatively easy to implement have been anything but. For instance, proposals to set up storage facilities . . . where homeless people can store their belongings have stalled due to vehement community opposition.”¹⁶

E. The County’s Homeless Initiative:

On October 20, 2015, the BOS approved \$5 million of federally earmarked funds, grants and bonds to implement programs over an eighteen-month period. The purpose of the funds is to

¹³ Per Veteran SRO Transitional Housing Corporation Upper Management

¹⁴ Per Housing Authority of the County of Los Angeles

¹⁵ Housing Authority of the County of Los Angeles, Press Release “Homes for Heroes Initiative, 1-12-16

¹⁶ Los Angeles Times, 11-15-16 “Los Angeles passed Measure HHH, but there are still hurdles ahead for housing homeless people.”, The Times Editorial Staff

expeditiously connect HV who have housing vouchers with stable, permanent homes.¹⁷ The program known as Home for Heroes includes the programs identified in Figures 1 and 2. The Home for Heroes program is administered by the Los Angeles Homeless Services Authority (LASHSA) (see Figure 1) and the Housing Authority of the County of Los Angeles (HACoLA) (see Figure 2). A separate program was developed under Homeless Initiative Strategy C5.

F. Homeless Initiative Strategy C5

Homeless Initiative (HI) Strategy C5 (Establish a Countywide Veterans Benefits Advocacy Program for Veterans Experiencing Homelessness or At Risk of Homelessness) will serve veterans who are homeless or at risk of homelessness.¹⁸ HI Strategy C5 was allocated \$1.2 million, of federally earmarked funds, and the Departments of Military and Veteran Affairs (DMVA) and Health Services (DHS) are the departmental leads¹⁹.

To provide the most comprehensive services for veterans HI Strategy C5 was partnered with HI Strategies C4 and C6 focused on SSI Benefits Advocacy.²⁰

The committee members discussed the numbers in Figure 1 with a senior member of LASHA and learned that the competitive procurement process for the Bridge Housing element has been underway since September 2016. The selection of service providers to implement Strategy HI C5 is scheduled to begin in April 2017.

The committee found the administration of the Homes for Heroes program obtains their budget from program funds (See Figures 1 and 2). In turn, each service contractor will also fund its operations through application of its general and administrative costs.²¹ After removing the administrative overhead, we estimate that the actual portion of the \$5 million in funding going directly into services for HV is in the 60% to 70% range. We were informed by LASHA that their administrative cost is 15%. As no contracts have been awarded, we were not able to obtain the actual administrative cost for the contractors, although we were informed that contractor administrative costs do exist.²² Pursuant to California Military & Veteran Code Section 927 “All money paid out by any county under this article shall be used by the organization receiving it exclusively for the relief of indigent veterans and no part of it shall ever be used for administration or overhead expenses”. This jury questioned who is watching the contractors, as their administrative costs are not allowed to be claimed as part of their contract award.

¹⁷ Per interviews with senior management in the Los Angeles CEO

¹⁸ Department of Military & Veterans Affairs, Chief Executive Office

¹⁹ County of Log Angeles Homeless Initiative January 2016

²⁰ Per interview with Upper Management of Los Angeles County Dept. of Military and Veterans Affairs

²¹ Per interview with Senior Management Homeless Initiative Affairs, Los Angeles County CEO

²² Per interview with Upper Management of Los Angeles County Dept. of Military and Veterans Affairs

Figure 1. LAHSA - Status of Homes for Heroes Program Expenditures.²³

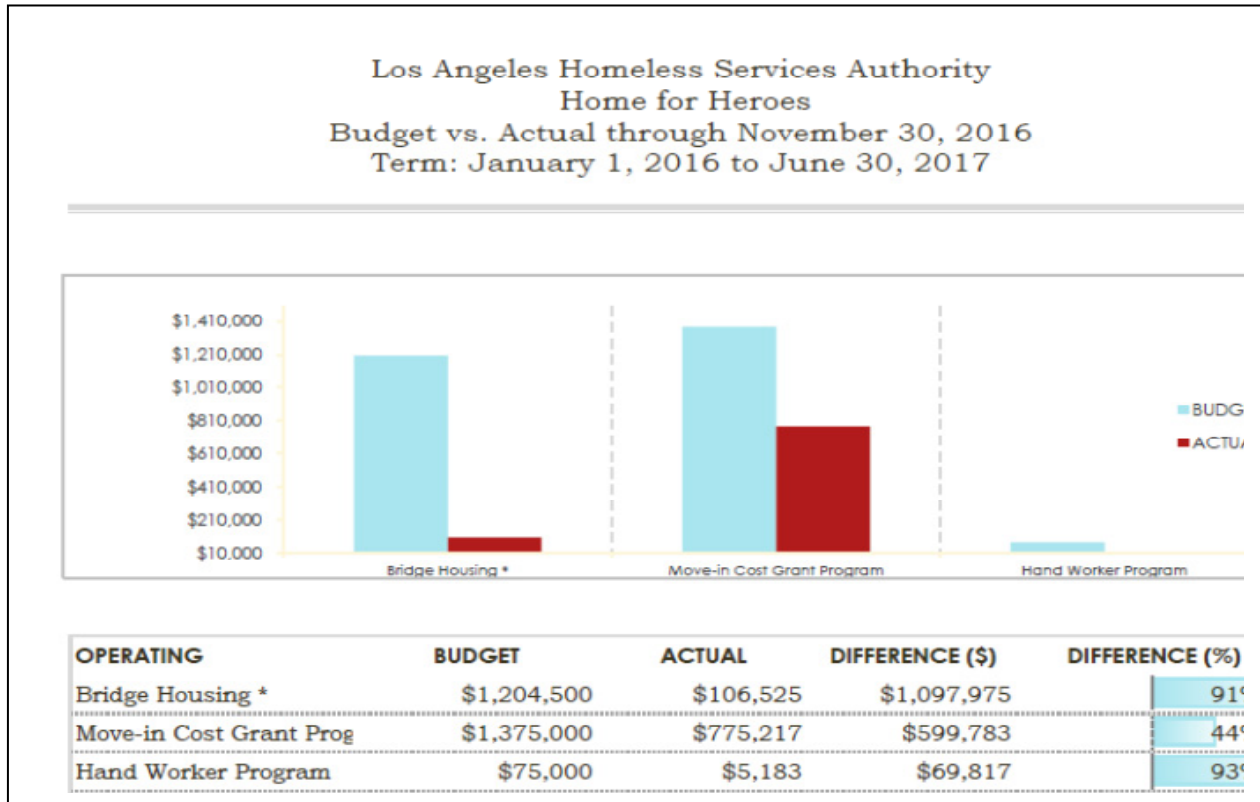


Figure 2. HAcOLA – Status of Home for Heroes Program Expenditures (As of Dec 13, 2016).²⁴

HAcOLA Administered Programs	Budget Amount	Amount Expended	Percent Expended
VIP Housing Stock Identification/Retention Program	\$225,000.00	\$68,421.00	30%
Administration	\$34,000.00	\$4,210.00	12%
VIP Landlord Incentive Program	\$750,000.00	\$549,948.00	73%
Administration	\$113,000.00	\$54,522.00	48%
Total	\$1,122,000.00	\$677,101.00	60%

These activities have produced some results as depicted in Figure 3.

Figure 3. Housing Placements under the Homes for Heroes Program.²⁵

# of Potential Rental Units Identified	485
# of Los Angeles Landlords who Received Incentives	363
# of Veterans Housed	268

²³ Chart supplied by upper management of LAHSA

²⁴ Ibid

²⁵ Ibid

With the passage of the City of Los Angeles proposition HHH and the County of Los Angeles proposition H, there will be millions of dollars flowing into city and County agencies responsible for providing care and services to the homeless. Because most of the work is carried out through contracted services, we have several concerns including; the procurement process which appears to be very slow and cumbersome, the transparency of service contractor expenditures (administrative costs, overhead, and costs of direct services to the homeless), data collection and performance measurement of the service contractors, and oversight process on the part of the responsible government agencies.

G. Alternative Housing Solutions:

We visited the County/USC Medical Center. In the back of the hospital was the old General Hospital building, the majority of which was unoccupied. Other entities such as schools, hotels, etc. have abandoned buildings within the County and its Cities. It is the contention of the CGJ these buildings could house HV and their families.

III METHODOLOGY

The Los Angeles County 2016-2017 Civil Grand Jury (CGJ) formed an investigative committee to assess the effectiveness of delivering services to the HV. The CGJ committee research procedure consisted of interviews and site tours. Site tours included The Los Angeles Rescue Mission and their affiliate SRO Housing, a Corporation that has veterans only housing, the Union Rescue Mission where Women and Children are housed on Skid Row, the Veterans Affairs office at Bob Hope Patriotic Hall, and the CAL VET Veterans Home of California in West Los Angeles.

The committee gathered information from a number of sources:

- The Office of Veterans Affairs
- SRO Transitional Housing Corporation
- Los Angeles County Chief Executive Office
- Union Rescue Mission
- Wellness Works Organization for Veterans
- Los Angeles County Chief Executive Office, Homeless Initiative
- Los Angeles County Auditor/Controller

IV FINDINGS

These are the findings of the Transforming Lives of HV committee:

1. Many of HV simply didn't know how or where to go to seek assistance, other than the Veterans Administration. There is no outreach to veterans in the areas of heavy HV concentration, which is mainly the Skid Row area.
2. County benefits are given only for one year of assistance, after which one needs to reapply for extended benefits. This is not enough time to achieve a lifestyle readjustment. There must be a minimum of two years assistance per application period in order to seek and find housing, establish medical support and job training in order to ensure that the HV regains a smooth entry into civilian society.
3. Much of the humanitarian assistance to the HV e.g. medical, housing and counseling, is provided by nonprofit organizations, for example Los Angeles Rescue Mission and Union Rescue Mission. Many HV camp in tents or make-shift shelters in places like Skid Row. The CGJ visited several missions and hotels on Skid Row which feed the general homeless population, and found that the majority of HV live within short walking distance of these missions.
4. The OMVA is located in Patriotic Hall. They help veterans with the paperwork to obtain their military benefits. Many HV are unaware of or unable to get to Patriotic Hall which is approximately 2.9 miles from the Skid Row area. We discovered through our interviews with HV that they will not travel across the city because they lack the ability of securing their possessions. If HV venture out to Patriotic Hall, all their belongings would be in jeopardy of being confiscated, as they are kept in shopping carts and tents.
5. Measure HHH was passed by the City of Los Angeles to provide housing for the homeless. The initiative allocated approximately \$1.2 billion a year. The CGJ would like to see the City allocate a percentage of these monies specifically to HV in the City of Los Angeles.
6. Measure H was passed by the County to provide supportive services for the homeless to include coverage for first and last months' rent payments. This proposition added a .25% sales tax for the County of Los Angeles, which is expected to bring in approximately \$300 million annually. The CGJ would like to see the County allocate a percentage of these monies specifically to HV and their families for supportive services in the County.

7. The CGJ found that approximately \$5 million in federal grant money was given to the Homeless Initiative for the Home for Heroes and the HACoLA programs.²⁶ The LASHA and HACoLA programs' expenditures, reflected in Figures 1, 2, 3, show the breakdowns. Pursuant to interviews with executives in the Homeless Initiative Department of the CEO's office, 15% was utilized for administrative services by the CEO before it was distributed to the Home for Heroes Program. Once the contracts are awarded, additional administrative fees will incur. Pursuant to California Military & Veterans Code Section 927, this is not allowed.
8. A number of County and Los Angeles City offices have a working relationship with the missions throughout the County. These relationships have assisted HV to obtain housing and supportive services. However, as seen in Figure 3, and as described to us during our interviews, successes have not been as plentiful as desired.
9. As seen in Figures 1 and 2, the procurement process is very slow. Authorized funding is not reaching those in need in a timely manner. Funding allocated in 2015 was to be distributed over an 18 month period through June 30, 2017. As of this writing, no contracts have been approved or funded.

V RECOMMENDATIONS

1. The County Board of Supervisors should increase the time period for services allocated to the HV for dental, medical, and psychiatric evaluation for a period of not less than two years for each application approval.
2. The County Department of Military and Veterans Affairs should establish a mobile outreach service and set up operations at the various missions on a regularly scheduled basis.
3. The County Board of Supervisors should establish a system of temporary storage facilities for HV to enable them to safeguard their possessions while they conduct their business affairs.
4. The County Board of Supervisors should establish a task force with the explicit goal being to identify facilities that are vacant and suitable for use as shelter for homelessness, within the County. Specifically buildings that can be converted and used as transitional and permanent housing for HV.

²⁶ Per interviews with senior management of HACoLA, LAHSA, LA County Department of Military & Veterans' Affairs.

5. The County Chief Executive Office should review and revamp their procurement process, as it relates to the Home for Heroes Program, to enable expedited placement of service contracts for housing and supportive services.
6. The County Chief Executive Office should ensure all contracts with service providers under the Home for Heroes Program and the HI Strategies C-5 Program provide transparency on administrative cost expenditures so as to insure that contractors are not in violation of CA Military & Veterans Code 927.
7. The County Board of Supervisors should set aside a portion of funds under Measure H for HV and include nontraditional service providers (i.e. Missions) as recipients to effectively deliver permanent housing solutions and supportive services.
8. The Mayor of the City of Los Angeles should set aside a certain percentage of funds under Measure HHH strictly for HV and their families to help with their transition, and to accommodate first and last month rent payments.
9. The County Board of Supervisors should form an Independent Oversight Commission to oversee the implementation of projects and expenditures of funds under Measure H.
10. The Mayor of the City of Los Angeles should form an Independent Oversight Commission to oversee the implement of projects and expenditures of funds under Measure HHH.

VI REQUIRED RESPONSES

California Penal Code Sections 933(c) and 933.05 require a written response to all recommendations contained in this report. Responses shall be made no later than ninety (90) days after the Civil Grand Jury publishes its report and files it with the Clerk of the Court. Responses shall be made in accord with Penal Code Sections 933.05 (a) and (b).

All responses to the recommendations of the 2016-2017 Civil Grand Jury must be submitted on or before September 30, 2017, to:

Presiding Judge
Los Angeles County Superior Court
Clara Short ridge Foltz Criminal Justice Center
210 West Temple Street
Eleventh Floor-Room 11-506
Los Angeles, CA 90012

Responses required from:

The Director of Homeless Initiative, Chief Executive Officer and Veteran’s Affairs Manager for the County of Los Angeles:

Responding Agency	Recommendation
County Board of Supervisors	8.1, 8.3, 8.4, 8.7, 8.9
County Department of Military and Veterans Affairs	8.2
County Chief Executive Office	8.5, 8.6
Los Angeles City Mayor’s Office	8.8, 8.10

VII ACRONYMS

- CAL-VET** Veterans’ Home of California – West Los Angeles
- CGJ** 2016-2017 Los Angeles County Civil Grand Jury
- DMVA** Department of Military and Veterans’ Affairs
- HACoLA** Housing Authority County Los Angeles
- HI** Homeless Initiative
- HV** Homeless Veteran
- HUD** Housing Urban Development
- LAHSA** Los Angeles Homeless Services Authority
- LASA** Los Angeles Supportive Authority
- SRO** Single Resident Occupancy
- VA** Veteran Administration
- VASH** Veteran Affairs Supportive Authority

VII COMMITTEE MEMBERS

- Reuben P. Santana Chair
- Joyce Simily Co-Chair
- Marcie Alvarez
- Dorothy Brown
- London Jones
- Faramarz Taheri

Picture Taken by the Civil Grand Jury

Veteran's Transitional Hotel in the City of Los Angeles



Skid Road Street Picture taken by the Civil Grand Jury



Picture taken by the Civil Grand Jury

6th Street-Skid Road



Measure H, quarter-cent sales tax to fight LA County homelessness, passes



File photo

By City News Service

Posted: 03/20/17, 4:28 PM PDT | Updated: on 03/20/2017

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SHERIFF'S INMATE WELFARE FUND



Sharon Muravez Chair
Gerard Duiker Co-Chair
Dorothy Brown
Gloria Garfinkel

SHERIFF'S INMATE WELFARE FUND

The following investigative report is offered in support of the County of Los Angeles Board of Supervisors' Strategic Plan Goals: Pursuing Operational Effectiveness, Fiscal Responsibility and Accountability

I SUMMARY

This report initially set out to investigate the Los Angeles County Sheriff's Department (LASD) Inmate Welfare Fund (IWF) to ensure that expenditures are being used "primarily for the benefit, education, and welfare of the inmates confined within the jail," as governed by California Penal Code §4025. Our research followed the evolution of amendments to §4025 which ultimately expanded the use of funds to allow for maintenance of jail facilities. We learned of programs and services that have been funded, sources of revenue and the authority of the Inmate Welfare Commission (IWC). We also learned that this is the largest inmate welfare fund in the country.¹ It was when we attempted to gather information from the IWC that we encountered some resistance and became concerned about the overall lack of transparency of the LASD's IWF.

II BACKGROUND

The Los Angeles County Civil Grand Jury (CGJ) became aware of the existence of the Sheriff's IWF during the 2016-2017 CGJ inspections of the jails and detention facilities operated by the LASD. During various jail inspections, questions were asked by CGJ members regarding the accessibility of phone lines for inmates, costs for making phone calls, method of payment, and what phone contract(s) were in place. During our jail inspections we also learned about weekly commissary deliveries to LASD detention facilities, inmate vending machines, and sales of inmate crafts through the Jail Enterprise System. We were also informed of the various programs and services that are provided to the inmates. The CGJ formed a team to educate ourselves on the expenditures from this large \$49 million fund² and how the IWF came to be established.

In 1949, §4025 granted authority for county sheriffs to establish jail stores to provide certain supplies for sale to inmates. The profits from the jail store operations were to be deposited into an inmate welfare fund and kept in the treasury of the respective counties. It also provided that ten percent of the gross sales of inmate hobby crafts could be added to the fund.

The LASD IWC was formed in 1951 by Los Angeles County Sheriff Eugene Biscailuz without ordinance or Board of Supervisors' (BOS) resolution.³ It is recognized as a discretionary commission and the meetings are not open to the public. We were informed that the commission does not operate under the regulations of the Brown Act and minutes of the meetings are not available to the public.⁴ The commission is currently comprised of 11 private citizens who are

¹ LASD Legal Advisor, County Counsel, IWC Minutes 5/20/16, pg. 3

² LASD IWF –K02 Statement of Net Assets FY 2016-17 as of 1/13/17

³ <http://shq.lasdnews.net> Education Based Incarceration pg.20

⁴ Legal Advisor/Los Angeles County Counsel, 2/16/17

appointed by and serve at the pleasure of the Sheriff. They meet monthly and are not compensated for their service on the commission.

In 1987, §4025 was amended to provide an additional source of revenue for the IWF from telephone companies or pay telephone providers. This revenue source was significant because of the additional revenue it would generate and also because it brought about a significant change in how IWF funds could be allocated. Originally, §4025 provided that IWF funds: "... shall be expended by the Sheriff solely for the benefit, education and welfare of the inmates confined within the jail." §4025 was amended in 1993 to provide that: "...the inmate welfare fund shall be expended by the sheriff primarily for the benefit, education, and welfare of the inmates confined within the jail. Any funds that are not needed for the welfare of the inmates may be expended for the maintenance of county jail facilities." (Emphasis added.)

It appears that the term "not needed" as used in §4025 has not been challenged or addressed. The definition of "not needed" according to Merriam-Webster⁵ is: dispensable, gratuitous, inessential, needless, non-essential, uncalled-for, unessential.

LASD has designated 51% of the annual IWF revenue to be assigned solely and exclusively to programs for the benefit of jail inmates. The remaining 49% of the annual revenue is earmarked solely for jail maintenance.⁶ The IWC oversees the expenditures and makes recommendations to the Sheriff for inmate programs and services. The Sheriff's Correctional Services Division/Facilities Services Bureau, County Counsel Representative, and Budget Authority oversee the expenditures for jail maintenance.

The LASD Custody Division Manual, §3-05/020.00 – Inmate Welfare Fund states: "Inmate Welfare Fund monies and supplies shall not be used to offset necessary and required expenses of confinement such as meals or housing. The facility/station unit commander shall submit a memo to the Inmate Services Unit commander, including the amount of the expenditure and a justification statement explaining why the expenditure satisfies the requirements of Penal Code Section 4025..."⁷

At the time of this report, an amendment to the IWC bylaws pertaining to the Duties of the Commission is in progress. The proposed amendment reads: "Approve funding requests by the Los Angeles County Sheriff's Department for projects benefiting inmates housed in the jail facilities of Los Angeles County, review ongoing projects, and discuss funding priorities from/for the Inmate Welfare Fund of Los Angeles County, in accordance with Penal Code 4025."⁸ IWF funding requests are routed and reviewed by LASD staff and County Counsel before being presented to the commission for consideration. The Commission can deny any request but their decision can be overridden by the Sheriff.

Inmates are allowed to make commissary purchases at their own expense or receive commissary gift packs purchased by their family or loved ones who place orders through the LASD's

⁵ www.merriam-webster.com

⁶ <http://shq.lasdnews.net> Education Based Incarceration pg.20

⁷ LASD Custody Div. Manual 12/10/01 CDM

⁸ Draft Bylaws provided by Inmate Services Bureau Sr. Staff

website.⁹ The following “Gift Packs” consist of a varied selection of snack foods that can be purchased, each one unique in the variety of items available:

- Gift Pack #1: \$53.34 for 26 snack food items
- Gift Pack #2: \$52.52 for 15 snack food items
- Gift Pack #3: \$31.86 for 16 snack food items
- Gift Pack #4: \$21.98 for 15 snack food items

Commissary items are delivered once a week to LASD detention facilities. The Keefe Group, LLC has the Commissary contract and refunds a percentage of the yearly revenue to IWF. In 2016, the IWF received \$17.9 million from Keefe Commissary.¹⁰

At the time of this investigation, GlobalTelLink (GTL) holds the contract with LASD to provide telephone service for local and long-distance inmate calls. In 2016, the FCC set new rate caps, reining in the excessive rates and egregious fees on phone calls paid by families trying to stay in touch with loved ones serving time in jail or prison.¹¹ These factors, combined with unrestricted rates, have often resulted in unreasonably high phone bills for inmates’ families. LASD is currently seeking a Request for Proposals from telephone providers to serve the needs of inmates.

III METHODOLOGY

The CGJ conducted research and gathered information from the following sources:

Examined §4025, and subsequent revisions, which govern county inmate welfare funds

Reviewed A.B. 920, Chapter 178 Legislative Counsel’s Digest (August 25, 2016) amending §4025 to establish a pilot program to assist indigent inmates with the reentry process

Examined two previous (1998-1999 and 1999-2000) Los Angeles County Civil Grand Jury investigations which focused on the LASD IWF

Reviewed Los Angeles Police Department’s 2015 audit and inspection plan for their Inmate Welfare Fund

Reviewed 2015-2016 Education Based Incarceration program information provided by LASD, which included charter schools, career technical education, vocational education, and life skills

Obtained GTL rate information on phone rates and transactions fees charged to LASD inmates¹²

Examined FCC.gov information on new rate caps for local and long-distance inmate calls, effective March 13, 2017 (but currently stayed by court order pending judicial review)

⁹ [https://www.accesscatalog.com/shop/index/Keefe Commissary Network](https://www.accesscatalog.com/shop/index/Keefe%20Commissary%20Network)

¹⁰ LASD Statement of Revenues and Expenditures FY 2016 (as of 13th Accounting Period-Closing)

¹¹ <https://www.fcc.gov/consumers/guides/inmate-telephone-service>

¹² GTL Rate Change Notice to comply with FCC Order 15-36, effective 6/20/16

Reviewed and compared prices of commissary items offered through Keefe Commissary service¹³

Examined provisions of Section 3-05/020.00 Inmate Welfare Fund, from the LASD Custody Division Manual

Reviewed Minutes from past IWC meetings (January 2016 – November 2016) that were released to the CGJ

Reviewed IWF financial data contained in “Blue Book” agenda packages from 2/24/17 and 3/24/17 IWC meetings.

Reviewed LASD IWF 2013-2014 Final Budget, County of Los Angeles; IWF Expenditures by Unit Report (eCAPS)

Attended the 3/24/17 meeting of the IWC

Meetings with senior officials and staff from LASD Custody Services, Specialized Programs; LASD Fiscal Services; LASD Facilities Services Bureau; members of IWC

Legal Advisors, Los Angeles County Counsel

IV FINDINGS

1. There is a lack of public transparency involving the LASD IWF.
2. The LASD IWF is a “discretionary fund” of the Sheriff and is governed by California Penal Code §4025.
3. The 11 members of the IWC are appointed by the Sheriff and serve at his pleasure. They do not receive any compensation and meet once a month.
4. There is no representation of a former inmate who has successfully re-entered society on the IWC or in attendance at IWC meetings, acting in an advisory capacity.
5. The Sheriff can override any recommendations made by IWC Commissioners.
6. IWC meetings are not open to the public. Meetings are not governed by the Brown Act.
7. Minutes from the IWC Meetings are not available to the public.
8. Annual Financial Statements are prepared by the Los Angeles County Auditor’s Office and submitted to the BOS.

¹³ LASD website and internet search

9. Audits by outside auditing firms are conducted every two to three years. IWC members did not receive copies of the 2011-2014 audit until they inquired, as evidenced in January 29, 2016 Minutes.¹⁴
10. Prior to its repeal in 1998, Section 1043, Title 15, State Correction Standards, recommended that “an annual itemized report of expenditures be submitted to the BOS, posted in each jail facility, and made available to the public,” as reported in the 1999-2000 CGJ report.
11. This year’s CGJ discovered many valuable and worthwhile programs being funded by the IWF; i.e., Tattoo Removal Program, “Back on Track” Program, Birth Certificate Program, GED Educational and Vocational programs.
12. In reviewing the Minutes of past IWC meetings, it was found that some members of the Marketing/Branding Committee expressed frustration in not publicizing the programs that are funded by the IWF (i.e. farm program at Pitchess Detention Center; Tattoo Removal Program) and that their suggestions about informing the public about Inmate Welfare funded programs are not being fully addressed.¹⁵
13. In reviewing copies of the LASD (draft) revised IWC Bylaws,¹⁶ it appears that the role of the IWC is being diminished; e.g. “Duties of the Commission: Approve funding requests by the Los Angeles County Sheriff’s Department for projects benefiting inmates housed in the jail facilities of Los Angeles County, review ongoing projects, and ~~set~~ discuss funding priorities from/for the Inmate Welfare Fund of Los Angeles County, in accordance with Penal Code 4025.” (Emphasis added).
14. In reviewing the Minutes of IWC meetings, it appears that annual spending plans are not being reviewed or approved in a timely manner, as set forth in the Bylaws.¹⁷
15. The LASD Director of Facilities Bureau has authority to spend up to 49% of the IWF proceeds without official review or approval of the IWC. The Director appears at the IWC meetings as a courtesy and provides updates pertaining to the IWF expenditures on maintenance to LASD jail facilities.¹⁸
16. The CGJ is not aware of any inappropriate usage of IWF. We do, however, question the follow-up and oversight of some of the programs that are in place and whether adequate performance measures are being used to report back to the IWC in recommending continuance or improvements needed in programs.¹⁹
17. The CGJ witnessed a presentation of the Tattoo Removal Program at the March 2017 IWC meeting wherein \$250,000 in overtime was requested by staff to continue the program.

¹⁴ 1/29/16 IWC chairman inquired when last audit was completed. Dir. Joe advised it was completed August 2015 and a copy would be provided to the IWC

¹⁵ IWC Minutes: January, February, March, October, November 2016

¹⁶ Draft of revised Bylaws obtained 3/2/17 from LASD Inmate Services Bureau senior official

¹⁷ Ibid.

¹⁸ Meeting with LASD senior staff Facilities Bureau

¹⁹ IWC Minutes, 2/26/16 requesting program reports to show value

When commissioners questioned staff on the funding request, staff was unclear on how many months it would cover. Many questions were raised about the need for overtime instead of straight time. Alternatives or suggestions from the commissioners in efforts to avoid the use of overtime in providing tattoo removal services to inmates was not taken up at that time.

18. Some senior LASD program managers were unable to readily explain to the CGJ the financial status of various programs, activities and expenditures.
19. In reviewing IWC Minutes, it does not appear that commissioners are aware of weekly Town Hall meetings with inmates, or getting feedback in soliciting inmates' comments regarding IWF expenditures and/or programs.²⁰
20. The term "not needed" as used in §4025 is vague.

V RECOMMENDATIONS

1. The LASD should require the IWC Strategic Planning Committee to adhere to the timeline spelled out in the Commission Bylaws to produce and submit a spending plan by August in order to determine the funding priorities for the coming fiscal year. (Finding 14)
2. The LASD should require the IWC to complete an assessment of program performance by March 1 of each year. (Findings 14, 16, 17)
3. The LASD should annually receive measurable program and financial objectives from the Strategic Planning Committee of the IWC. (Findings 14, 16, 17, 18)
4. The LASD should establish such methods and procedures to identify expenditures and enable the respective Fiscal and Facilities program managers to clearly identify which expenditures have been encumbered for their area of responsibility and what is unencumbered to date. (Finding 18)
5. The LASD should implement IWC program priorities set forth in their annual strategic planning process. (Findings 13, 14, 16)
6. The LASD should make a presentation to the IWC on the LASD's Strategic Plan and related programs in order for the IWC to have sufficient relevant information in setting their priorities. (Findings 8, 9)
7. In the event of potential loss of revenue from telephone provider(s), the IWC should review and refrain from committing funds to expensive and long-term programs until the FCC case is resolved and new phone contracts are issued. (Finding 11)

²⁰ Attachment I.1 Highlights of Survey of Inmate Welfare Funds in Other Jurisdictions (Self-Reported Information)
BOS Management Audit Division FY 2014-2015

8. The LASD staff should report regularly to the IWC on the weekly Town Hall meetings with inmates, in soliciting inmates' comments regarding IWC expenditures and/or programs. (Finding 19)
9. The LASD should clarify and implement, after IWC approval, the methods and procedures used to identify expenditures by purpose and the inter-fund transfers between the Program and Facilities funds. (Finding 18)
10. The LASD should practice transparency of the Inmate Welfare Fund by posting IWC meeting agendas and minutes. (Findings 1, 5, 6, 9, 10, 11, 14)
11. The LASD should post an annual itemized report of IWF expenditures in each LASD jail facility and make it available to the public for greater transparency. (Finding 10)
12. The BOS should require LASD to implement greater public transparency of the Sheriff's Inmate Welfare Fund. (Findings 1, 6, 7, 10, 12)
13. The LASD should appoint an individual to the IWC who has successfully reentered society after incarceration. (Finding 4)
14. The Los Angeles County Counsel should provide LASD with a legal opinion on the definition of "not needed" as stated in §4025. (Finding 20)

VI REQUIRED RESPONSES

California Penal Code Sections 933(c) and 933.05 require a written response to all recommendations contained in this report. Responses shall be made no later than ninety (90) days after the Civil Grand Jury publishes its report and files it with the Clerk of the Court. Responses shall be made in accord with Penal Code Sections 933.05 (a) and (b).

All responses to the recommendations of the 2016-2017 Civil Grand Jury must be submitted on or before September 30, 2017, to:

Presiding Judge
Los Angeles County Superior Court
Clara Shortridge Foltz Criminal Justice Center
210 West Temple Street, Eleventh Floor-Room 11-506
Los Angeles, CA 90012

Responses are required from:

Responding Agency	Recommendations
Los Angeles County Sheriff's Department	9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 9.13
County of Los Angeles Board of Supervisors	9.12
Los Angeles County Counsel	9.14

VII ACRONYMS

BOS	Board of Supervisors
CGJ	2016-2017 Los Angeles County Civil Grand Jury
FCC	Federal Communications Commission
GED	General Educational Development
GTL	Global TelLink
IWC	Inmate Welfare Commission
IWF	Inmate Welfare Fund
LASD	Los Angeles Sheriff's Department

VIII COMMITTEE MEMBERS

Sharon Muravez	Chair
Gerard Duiker	Co-Chair
Dorothy Brown	
Gloria Garfinkel	

WHEN ARE LANDLINES A GOVERNMENT WASTE?



Henry C. Guerrero **Chair**
Regi Block **Secretary**
Hilda Dallal
London Jones
Patrick Lyons

WHEN ARE LANDLINES A GOVERNMENT WASTE?

I SUMMARY

The Internal Services Department (ISD) of the County of Los Angeles (County) estimates that 25,000 cellular telephones are assigned to County employees. There are many jobs in the County where employees possess a cellular and a desk phone. In 2014, 41% of the U.S. households eliminated their landline telephones as they transitioned to cellular smartphones, however, offices will take longer to follow in this trend.¹ Senior management of the County Auditor-Controller recognizes this trend and sees this as an opportunity for cost savings by eliminating redundancy.

The 2016-2017 County Civil Grand Jury (CGJ) undertook a survey to estimate the savings that can be achieved when redundant landlines are eliminated. This effort is consistent with the Los Angeles County Strategic Plan 2016-2021:

Goal III of the County's Strategic Plan - Realize Tomorrow's Government Today

- Goal III.2.3 Prioritize and Implement Technology Initiatives That Enhance Service Delivery and Increase Efficiency
- Goal III.3.2 Manage and Maximize County Assets
- Goal III.3.6 Implement a Workplace of the Future

The CGJ found that the County can achieve savings of 19% for every landline phone that is eliminated where employees possess a cellular and a desk phone.² We also found that savings can be achieved by offering employees a stipend (a fixed regular dollar amount) to pay them for using their personal cellular phones to conduct County business. In a stipend pilot program, the County achieved up to 25% savings in lieu of County issued employee cellular phones from contracted service carriers.³

Given the growth trend in the use of mobile telephone technology, the County is encouraged to develop guidelines for managers to help them decide whether there is no longer a need for a landline when an employee has been issued a cellular phone.

¹ Forbes Magazine February 27, 2015 Niall McCarthy

² ISD Telecommunications Service Management provided phone charges for cell and Land lines. Annual Costs: Cellular is \$630, Desk is \$150, [$\$150 / (\$630 + \$150)$]*100=19%

³ Correspondence from Office of CEO

II BACKGROUND

Policy and Procedures:

In 2011 the Los Angeles County Board of Supervisors (BOS) directed the County Auditor-Controller to conduct audits to address former problem areas of tracking and managing usage of cellular phones and to develop the appropriate County policy and procedures.⁴ Gartner Consulting and the three cell phone agreement carriers were engaged to review the existing County contract agreement structures. They compared the County's processes, costs and controls to other government agencies and made recommendations for efficiencies and cost savings. As a result the County has addressed former problem areas and has augmented its best practice procedure to manage cellular telephone costs and to address inconsistencies among many departments.⁵ The County has established Board Policy 3.160⁶ and Fiscal Manual Reference 4.7⁷ each titled - County Cellular Telephone and Other Wireless Data Devices Usage Policy and Procedure.

The County continues to review and update these policies as needed.⁸ These procedures guide managers in assigning cellular phones, requires departments to use rates from existing negotiated service contracts and to monitor personal use/reimbursement of County cellular phones.⁹ The policy was developed in response to audits and included recommendations of outside consultants and the three cellular phone agreement carriers.¹⁰

Consequential Dilemma of Cellular Phones

Cellular phones may be authorized as stated in Board Policy 3.160 "...in the circumstance in which the employee's use on a non-cellular telephone is inadequate to meet departmental needs." The CGJ asks the question: If a staff member job requires the use of a cellular phone because a landline is inadequate to meet department needs, can the employee give up their desk phone?

A senior manager of the Auditor-Controller told the CGJ they identified, but not quantified cost savings should landlines be eliminated for cellular users. The CGJ decided to conduct a survey to estimate savings if cell phone users could give up a desk phone. Details of the methodology used for the survey are explained in the Methodology Section of this report.

⁴ The BOS letter "County Cell Phone Usage – Status Report no. 2 (Agenda of January 4, 2011) from the Chief Executive Office, March 10, 2011

⁵ Ibid

⁶ BOS Policy Manual

⁷ The County of Los Angeles Fiscal Manual Section 4.7.0 Cellular Telephone and Other Wireless Data Devices Usage Policy

⁸ Auditor Controller letter, "Review of Board Policy 3.160", from Auditor-Controller, John Naimo, to Audit Committee, September 6, 2016

⁹ BOS Policy Manual

¹⁰ BOS letter, "County Cell Phone Usage – Status Report No. 3 (Item No. 3, Agenda of January 4, 2011" from CEO, William T Fujioka

Cellular Procurement, Tracking and Billing

The Fiscal Manual¹¹ sets out procedures for procurement, tracking and billing. For example it states:

- Departments are required to procure cellular phones at rates available through County master agreements
- Department heads are responsible for justifying, approving cellular phones
- Each department is responsible for tracking and auditing employee personal usage reimbursement

Telecommunications Service Management Section¹² (TSM) staff described to the CGJ how monthly cellular-vendor printed bills are manually distributed to the respective departments, and then circulated between managers and employees for review and approve. TMS said this manual process is burdensome and prone to error and inefficiencies. TMS demonstrated the County Expense Management System (EMS) that automates landline and cellular phone billing and tracking processes. The CGJ was impressed how EMS increases efficiency; provides improved accountability, and results in added productivity.

We verified the system features that manage electronic phone billing distribution, personal use reimbursement, inventory, low volume usage, and provides approval mechanisms and reports. As demonstrated, the EMS system posts monthly cellular bills via the web, displays telephone usage, provides user and manager tools to identify personal costs, automates the approval process, and maintains cellular phone inventory.

TMS informed the CGJ that EMS can handle cellular and landline phone bills and tracking and that ISD intends to adapt EMS functions in a phone application (APP). The CGJ agrees with ISD staff that use of this system provides the opportunity to reduce administrative costs by shifting to an automated and paperless process provides.

TMS staff told the CGJ they have no accurate electronic method to match employees to a cellular and a desk phone because County departments phone-tracking systems are not integrated or do not capture the required data. TMS staff told the CGJ that ISD plans a mid-2017 roll out the Wireless Management Module of the EMS system for County departments who voluntarily decide to subscribe to this more efficient process.

Landlines

TMS staff informed the CGJ that they centrally manage all services for landlines, but not for all cellular phones. TMS explained to the CGJ that the County telephone system is an integrated

¹¹ The County Fiscal Manual Section 4.7.0 Cellular Telephone and Other Wireless Data Devices Usage Policy

¹² TMS is the ISD section that manages all landline billing for the County and cellular billing for County departments that subscribe to the EMS system.

phone service consisting of Centrex, PBX, and VoIP (internet) networks; these telecommunication service costs are bundled and charges back to the County departments. TMS informed the CGJ there are 140,000 landlines and while most are for employee-desks there are many other miscellaneous uses such as lines for alarms, elevators, sprinkler systems, facsimile machines, etc.

Costs

The following estimates were supplied by ISD Telecommunication Service Management Division:

The single estimated monthly average landline County charge to the departments is \$12.50 and consists of:

- The average single line charge for Centrex (\$14.00), PBX (\$5.00) and VoIP (\$10.00), is approximately \$10.00.
- The average usage per line is approximately \$2.00
- The average taxes/surcharges per line is approximately \$0.50

The single estimated monthly cellular phone charge to the departments is \$52.50 and includes:

- Older model basic smartphone
- Voicemail
- Capped pooled talk minutes/data/unlimited text

Not included in the \$52.50 monthly cellular phone cost:

- County pays the sales tax on the retail price of the phone
- County incurs the cost of loss or breakage

Stipend Program

A stipend is sum of money paid periodically for services or to defray expenses.¹³ In a cellular phone stipend program the County plans to provide a taxable stipend to employees in lieu of their existing County-issued cellular equipment; to reduce County cellular equipment and administrative costs.¹⁴

On January 8, 2013, the Los Angeles County Board of Supervisors approved a Phase I Pilot Stipend Program selecting a small number of employees for the test.¹⁵ The program reimbursed

¹³ Merriam-Webster Dictionary

¹⁴ County of Los Angeles BOS letter, Cellular Phone and Data Stipend Program Pilot”, October 2, 2012 from the Chief Executive Office

¹⁵ County BOS letter “Cellular Phone and Data Stipend Program Pilot Phase II, July 2,2013 from the Chief Executive Office

employees up to \$40 a month to use their personal cellular phone for County business.¹⁶ Forty (\$40) is \$12.50 less than the monthly cost of \$52.50 for a County cellular phone.¹⁷ The CGJ compared differences between a County-issued phone and a stipend phone and identified tangible and not quantifiable indirect administrative cost savings of the stipend program to include:

- County does not incur cost for breakage or stolen phones
- County does not incur cost for sales tax on retail price of a new phone
- No monthly production and distribution of billing reports
- Eliminates employee and manager tasks for reviewing and approving monthly bills
- Eliminates auditing of personal use of a County asset

In 2013, the County approved Phase II Pilot, a second stipend program pilot, to arrange for further refinement of policies and procedure related to implementation of the program and to include a larger pool of users.¹⁸ Management of the Chief Executive Office (CEO) informed the CGJ that the cellular phone and data stipend program pilot phase II (Pilot II) achieved savings of up to 25% in cellular phone costs.¹⁹ The critical issue of cyber-security for County information on personal phones is being addressed.²⁰ The following is a quote from correspondence from the Office of the CEO:

“It was determined through this exercise that we needed to develop a Bring Your Own Device (BYOD) policy that would address security concerns of County Data residing on private devices and the County’s ability to wipe data remotely in the result of a device being lost or stolen. The BYOD policy is currently being developed. Once this policy is in place and we believe we can protect County data on all devices, we will bring back [to] the Board a recommendation for a Stipend Program that complies with the BYOD. In the current environment related to cyber-security our main concern is to make sure we can protect all County data before moving forward with a Stipend Program.”²¹

¹⁶ County BOS letter “Cellular Phone and Data Stipend Program Pilot Phase II, July 2,2013 from the Chief Executive Office

¹⁷ Ibid

¹⁸ Ibid

¹⁹ Correspondence from Office of CEO to CGJ

²⁰ Ibid

²¹ Ibid

III METHODOLOGY

Data Collection

Cellular and landline data was collected manually because it was too complex and costly and time consuming than initially expected to extract data from electronic databases. For this reason the scope of data collection is limited to obtain sufficient data to calculate an approximation of cost savings. The project does not intend to collect data to qualify and decide which jobs should have their landlines removed, that decision is for management. However, the CGJ presupposes it is important to develop guidelines for managers to help them decide if there is no longer a need for a landline when an employee has been issued a cellular phone.

Sources of Information

Consultation with the County’s Audit Division of the Auditor Controller informed us that a survey, collecting a small sample of cellular data, is sufficient for the objective of this project. Our approach was selected after learning from the County’s ISD there is no accurate electronic method to identify employees assigned to a cellular and landline number.

ISD’s TSM provided the CGJ with the costs for all phones and demonstrated their computer Expense Management System (EMS) that tracks telephone billing and inventory.

Information about the stipend program was obtained from reports presented to the Board of Supervisors, the Office of the Auditor-Controller, Office of the CEO, and Chief Information Security Officer.

Survey

The survey was distributed to 10 departments with various jobs that require employees to be away from their desks a majority of the time. The design of this survey was to obtain a quantitative snapshot of users who maintain a cellular and desk telephone. See Figure 1.

Figure 1 - Survey Questions

Please select a minimum of 35 randomly selected field employees in your department:
1. Number of employees selected for this survey:
2. Number of these employees assigned a desk phone:
3. Number of these employees who share a desk :
4. Please provide a sample list of job titles for the employees used in the survey:
5. Please provide the name of your primary department administrator for cell phones:
6. Does your department utilize the “Stipend” program? (Yes or No):
7. Does your department use ISD Master Agreements for cellular devices or does your department negotiate directly with cellular providers? (ISD or Negotiate directly):

Table 1 - Survey Data

Number of Departments Surveyed	Number of cell users selected for survey:	Number of cell users assigned a desk phone	Number of cell users who share a desk	Does dept. utilize the "Stipend" program?	Does dept. use ISD Master Agreements
10	351	286	63	None	8 yes, 2 no

Using the numbers from Table 1, the CGJ calculates that 64% of the 25,000 cellular users have a dedicated desk phone. Computation is as follows:

$$[(286-63)/351] \times 100=63.53\%$$

Table 2 shows the potential annual savings when desk phones are relinquished. Savings is computed at \$150 (\$12.50 Charge per Month*12 Months) per each landline and using a cellular population of 64% (16,000) of 25,000 cellular users. The CGJ's study is only an approximate gauge but the resulting numbers are significant enough to justify a formal audit.

Table 2 – Potential County Annual Savings

Percent of cellular users who have a desk phone and relinquish it.	Annual Savings from relinquishing desk phone
20% relinquishment	\$ 480,000
33% relinquishment	\$ 792,000
50% relinquishment	\$1,200,000

IV FINDINGS

1. The CGJ's study is only an approximate gauge but the resulting numbers are found to be significant enough to justify a formal audit.

Potential County Annual Savings

Percent of cellular users who have a desk phone and relinquish it.	Annual Savings from relinquishing desk phone
20% relinquishment	\$ 480,000
33% relinquishment	\$ 792,000
50% relinquishment	\$1,200,000

2. Given the growth trend in the use of mobile telephone technology, guidelines for managers would be advantageous to help them decide whether there is no longer a need for a landline when an employee has been issued a cellular phone.
3. The County employee population is approximately 100,000 and it operates 140,000 landlines. There is a potential for part of the 40,000 hard wired miscellaneous functions to shift to wireless communication.
4. Internal Services Department's (ISD) Expense Management System (EMS) reduces the disarray associated with handling, reviewing and approving monthly paper telephone bills that were previously delivered by telephone service providers. This system can handle both cellular and landline phone bills.
5. Subscription to EMS is currently voluntary by each department. By having all departments subscribe to this system the County will possess a centralized inventory for cellular phones. EMS can be modified to track stipend phones.
6. ISD is working to convert from legacy PBX and Centrex technology to VoIP where possible to reduce costs. PBX is being phased out as a communication technology in the telecommunication industry.
7. The single estimated monthly average landline charge to the County departments is \$12.50.
8. Implementation of a stipend program can reduce cellular phone costs for the County based on the results of Phase I and II pilot programs. A stipend program allows employees to use a personal cellular device in lieu of a County-issued device as a cost-effective option. The Phase II pilot demonstrated savings of up to 25% when compared to the cost of a cellular phone purchased from a telephone carrier approved by the County.
9. Security concerns regarding County Data residing on private devices and the County's ability to wipe data remotely due to a device being lost or stolen is to be addressed. The storage and retrieval of information subject to the California Public Records Act should be addressed.^{22,23} Implementation of a Bring Your Own Device (BYOD) policy and associated technical solution is in development and is a prerequisite to rolling out a stipend program.
10. The County's monthly cost for a smartphone is approximately \$52.50 for those procured through ISD. These smartphones are the previous years' models with voicemail service, capped pooled minutes/data/unlimited text. The County pays the sales tax on the retail price of the phone and incurs the cost of loss or breakage.

²² California Government Code, Sec. 6250, et seq.

²³ City of San Jose v. Superior Court (Smith), No S218066, March 2017.Re. conduct of public business on personal account may be subject to disclosure under the California Public Records Act.

11. The County has established appropriate policies identified in Board Policy 3.160²⁴ and Fiscal Manual Reference 4.7²⁵ for managing cellular phones.
12. There is no centralized procurement policy for cellular phones. Some departments negotiate their own agreements though this service is available from the County ISD. This is permissible providing they acquire services at rates available through County master agreements negotiated by ISD.
13. Based on technology trends²⁶, the County workplace of the future will likely see a continuous growth in use of mobile devices with the expectation that costs will be off-set with measured increase of productivity.

V RECOMMENDATIONS

1. The Auditor-Controller should conduct an audit to quantify cost savings from eliminating cellular/ landline redundancy, where possible, when these devices are assigned to the same person.
2. The Auditor-Controller should recommend guidelines for determining when a landline should be eliminated or shared by two or more employees.
3. The Internal Services Department should modify the inventory process for tracking 40,000 landlines dedicated to miscellaneous functions like elevators, alarms and facsimile to flag devices that will be converted to wireless communication.
4. The Chief Executive Office should require all departments to use the Internal Service Department Expense Management System (EMS) to ensure all cellphones are tracked, monitored and cost-controlled.
5. The Chief Executive Office should seek approval of the Board of Supervisor to implement a County Cellular Phone and Data Stipend Program and associated Bring Your Own Device (BYOD) policy.
6. The Chief Executive Office should require that cyber security and information subject to the California Public Records Act be addressed in a stipend phone policy.
7. The Chief Executive Office should initiate a project to determine how to track stipend phones.

²⁴ BOS Policy Manual

²⁵ See County of Los Angeles Fiscal Manual Section 4.7.0 Cellular Telephone and Other Wireless Data Devices Usage Policy: footnote 7

²⁶ Forbes Magazine February 27, 2015 Niall McCarthy