Report Type: Consent Calendar  Meeting Date: 5/2/2011

Summary Title: Extended 960 Hour Limit for Interim City Auditor

Title: Adoption of Resolution Requesting Approval from the CalPERS Board of Administration for Extension of Employment Pursuant to Government Code Section 21221(h) for Acting City Auditor Michael Edmunds

From: City Manager

Lead Department: Human Resources

Recommendation
Staff recommends that Council approve the attached resolution to request the CalPERS Board of Administration approve an extension of the 960-hour employment limit for the Acting City Auditor, Michael Edmonds, in accordance with Government Code 21221(h). The extension is for an additional 960 hours up to October 25, 2011.

Background
On October 25, 2010, Council appointed Michael Edmonds to serve as Acting City Auditor during City Auditor Lynda Brouchoud's leave-of-absence planned from October 18, 2010 to April 18, 2011. In March 2011, Ms. Brouchoud notified Mayor Espinosa that she would not be returning to the City upon the completion of her leave-of-absence. The Council has initiated steps to hire an executive recruiter to fill this critical vacancy, and Mr. Edmonds has agreed to continue working in his capacity as Acting City Auditor so that there is no disruption to the City Auditor's ongoing work.
State Law limits PERS retirees from working more than 960 hours per fiscal year with a PERS' agency and the Acting City Auditor has nearly exhausted this limit for Fiscal Year 2011. Government Code Section 21221(h), however, provides an exception to the 960-hour limit, allowing agencies to request an extension for retiree employment for a limited duration where specialized skills are needed. In order to allow the Acting City Auditor to continue working until a permanent replacement can be hired, the Council needs to adopt the attached resolution requesting approval from CalPERS for an extension to allow the Acting City Auditor to continue in his capacity up to October 25, 2011.

The Council CAO Committee is in the process of interviewing Executive Search firms to begin the recruitment process for a new auditor.

**Discussion**

Under the direction of the Council and in accordance with the Charter Authority and Municipal Code, the City Auditor's Office conducts and coordinates a variety of performance, financial, and revenue audits and special studies that provide the Council, City management, and the citizens of Palo Alto with evaluations on the economy, efficiency, and effectiveness of City services.

The City Auditor's position is unique and requires specialized skill in internal auditing, experience, preferably from a public sector organization, and training. The City Auditor is tasked with managing audits related to internal accounting and management activities to assure compliance, and identifying and improving controls, procedures and system efficiencies in City operating departments. The number of public agencies which have such an internal performance auditor are limited, making the position and skills required for the job unique. Mr. Edmonds has over 30 years of auditing experience and is uniquely qualified to fill this role because he has 25 years of experience in managing audits for public agencies.
After receiving notice that the City Auditor would not be returning to her position at the end of her leave-of-absence, Council initiated steps to hire an executive recruiter to fill this vacancy. The recruitment is currently in process and is expected to be completed in six months or less.

Mr. Edmonds has agreed to continue in his capacity as Acting City Auditor until a new City Auditor is in place. Since Mr. Edmonds has worked full-time since he was hired to serve as Acting City Auditor on October 25, 2010, he has nearly exhausted the 960-hour limit. If the resolution is not approved, the City Auditor's Office would be without an experienced audit manager until a new City Auditor is in place. Approving the resolution will assure that the City Auditor's Office will continue under the Acting City Auditor's leadership until a new City Auditor is in place.

**Resource Impact**

Staff estimates a $70,000 cost for extending Mr. Edmonds term in order to continue as Acting City Auditor, but this cost will be more than offset by salary and benefit savings resulting from not having a permanent City Auditor in place.

**Policy Implications**

The City complies with the 960-hour limit for hourly employment for retirees and has rarely used the exemption provision in Government Code Section 21221(h). However, having Mr. Edmonds continue until a new auditor is hired is necessary to provide continuity and ensure that the work plan of the City Auditor's office stays on schedule while the Council works to fill the vacancy.

**Environmental Assessment**

Extension of employment is not a project requiring review under the California Environmental Quality Act (CEQA).
Attachments:

- Resolution Requesting Extension of Employment from the CalPERS Board of Administration Pursuant to Government Code 21221(h) for Michael Edmonds (DOC)

Prepared By: Elizabeth Egli, Administrative Assistant

Department Head: Sandra Blanch,

City Manager Approval: James Keene, City Manager

May 02, 2011
(ID # 1613)
Resolution No. _____
Resolution of the Council of the City of Palo Alto Requesting Extension of Employment from the CalPERS Board of Administration Pursuant to Government Code 21221(h) for Michael Edmunds

WHEREAS, Michael Edmunds ("Edmunds") retired from the City of Oakland in the position of Assistant City Auditor, effective April, 2009; and

WHEREAS, the City of Palo Alto ("City") appointed Edmunds to the position of Acting Auditor assigned to perform City Auditor duties under Government Code section 21221(h), a position deemed to be of limited duration and requiring specialized skills, effective October 25, 2010; and

WHEREAS, Edmunds is expected to reach his maximum of 960 hours this fiscal year on or about May 4, 2011; and

WHEREAS, the City Auditor's Office has three full-time Senior Performance Auditor positions and one full-time administrative assistant in its organizational structure, reporting to the City Auditor. The City Auditor position is required to perform and manage audits related to internal accounting and management activities to assure, and identify and improve controls, procedures and system efficiencies in the City's operating departments. The number of public agencies which have such an internal performance auditor is limited, making skills and expertise required to perform the duties of the position unique. Edmunds has 25 years serving in an Assistant Auditor position with another public agency and is therefore qualified to perform these duties while the City recruits for a new, permanent City Auditor.

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The Council of the City of Palo Alto hereby requests that the CalPERS Board of Administration be requested to approve an extension in accordance with Government Code section 21221(h) for the temporary employment of Michael Edmunds for 960 additional hours through October 25, 2011. An appointment made under this subsection may not exceed a total of 12 months.
SECTION 2. The Council finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

Sr. Deputy City Attorney

City Manager

APPROVED:

Director of Human Resources

Director of Administrative Services