



SACHI A. HAMAI  
Interim Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**  
Risk Management Branch

3333 Wilshire Boulevard, Suite 820, Los Angeles, California 90010  
(213) 351-5346 • Fax (213) 252-0404  
<http://ceo.lacounty.gov>

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

April 29, 2015

To: All Department Heads

From: Steven T. Robles *STR*  
Assistant Chief Executive Officer/County Risk Manager

**MODIFICATION OF CURRENT PROCESS FOR CORRECTIVE ACTION PLANS AND  
SUMMARY CORRECTIVE ACTION PLANS**

On April 14, 2015, through a motion by Supervisors Michael D. Antonovich and Sheila Kuehl, the Board directed the Interim Chief Executive Officer, in collaboration with County Counsel, to formalize the proposed recommendations by the County Risk Manager and Risk Management Inspector General (RMIG) regarding the approval of liability claim settlements and the submission of Corrective Action Plans (CAPs) and Summary Corrective Action Plans (SCAPs). Therefore, effective May 1, 2015, the procedures listed below will be applied in accordance with this motion (Attachment I).

Threshold Alignment for Completing CAPs and SCAPs

- A CAP and SCAP are required for all tort liability settlements in excess of \$100,000.
- A CAP and SCAP are required for adverse jury verdicts in excess of \$100,000, upon request by RMIG.
- A CAP and SCAP are required when requested by RMIG, regardless of settlement amount.

New Timeline Requirements

- County Counsel will notify departments and RMIG within one business day of a tentative settlement.
- Departments will have 30 business days from County Counsel settlement notification to provide RMIG a draft CAP and SCAP for review.
- Departments must respond to all RMIG questions and finalize the CAP and SCAP no more than 90 business days from receipt of settlement notification.
- Settlements will be paid within 45 business days of County Claims Board or Board of Supervisors approval.

*"To Enrich Lives Through Effective And Caring Service"*

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These timelines are effective May 1, 2015; therefore, all current claims with settlements of \$100,000 or below will no longer require a SCAP; and all currently settled tort liability claims above \$100,000 will require a CAP and SCAP, as outlined in the attached *Corrective Action Plan Fact Sheet* (Attachment II).

If your staff have any questions regarding the new CAP and SCAP process, please have them contact Destiny Castro, Risk Management Inspector General, at (213) 738-2194 or [DCastro@ceo.lacounty.gov](mailto:DCastro@ceo.lacounty.gov).

If you have any questions, please call me at (213) 351-5346.

STR:RLC  
DH:sg

Attachments

c: Board of Supervisors

AGN. NO. \_\_\_\_\_

MOTION BY MAYOR MICHAEL D. ANTONOVICH AND  
SUPERVISOR SHEILA KUEHL

APRIL 14, 2015

**Corrective Action Plans**

For nearly two decades, county departments have been required to submit Corrective Action Plans (CAPs) with all settlement recommendations exceeding \$100,000 to the Board of Supervisors for approval. CAPs are intended to formalize the actions taken by the involved county department to prevent recurrence of the problems which gave rise to risk and liability. Those actions can range from changes to policies and procedures to increased training and/or disciplinary action. Since CAPs may contain confidential personnel matters, Summary Corrective Action Plans (SCAPs) are prepared for the public for all settlements exceeding \$20,000, with the exception of medical malpractice matters.

The Litigation Cost Manager’s most recent report showed that the Sheriff’s Department has the highest exposure to risk and liability (it ranked #1 on the county’s top 10 departments with the greatest exposure). CAPs generated by the Sheriff’s Department make up approximately 50% of all CAPs submitted to this board for approval. While there has always been some lag time from when a tentative settlement is reached and a CAP is completed, that lag time has dramatically increased over the past several years. In addition to delaying settlement approval, more and more CAPs are supplemented months after the settlement and original CAP have been approved, particularly in Sheriff’s cases, due primarily to staffing shortages and workload issues as well as pending investigation.

Collaborative efforts by our staffs, the Sheriff’s Department, the Chief Executive Office and others have resulted in recommendations lead by the county’s Risk Manager and Risk Manager Inspector General that will address this lag time and improve the quality of CAPs. Specifically, the recommendations include aligning the threshold for the SCAPs with the CAPs and establishing timelines from the point at which a tentative settlement is reached by the attorneys to when Departments have received final approval of the CAP/SCAP by the Risk Manager Inspector General. These preliminary modifications to the current process will maximize the use of the departments’ limited

**MOTION**

SOLIS	_____
RIDLEY-THOMAS	_____
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KNABE	_____
ANTONOVICH	_____

resources by concentrating on the highest exposure cases, which make up 93% of the indemnity paid out while also providing for a more timely and efficient way to handle proposed settlements. These changes will also provide a framework for the collaborative efforts by all of the stakeholders.

WE, THEREFORE, MOVE that the Board of Supervisors direct the Interim Chief Executive Officer, in collaboration with County Counsel, to formalize the proposed recommendations by the Risk Manager and Risk Manager Inspector General and notify all of the county departments of the changes.

WE, FURTHER, MOVE that the Board of Supervisors direct the Interim Chief Executive Officer to:

1. Report back during final budget adoption in June on the feasibility of augmenting the Sheriff's Risk Management Bureau's Corrective Action Unit, including the potential use of retirees on a 120-day contract basis, to relieve the existing backlog of SCAPs/CAPs; and,
2. Provide the board with quarterly reports on the effectiveness of and adherence to the set timelines by all of the involved county departments along with recommendations to enhance this process and/or improve the overall quality of CAPs.

# # #

MDA:amg

**CHIEF EXECUTIVE OFFICE****CORRECTIVE ACTION PLAN FACT SHEET****APRIL 2015****Board of Supervisors' Motion**

On April 14, 2015, the County of Los Angeles (County) Board of Supervisors directed the Interim Chief Executive Officer (CEO), in collaboration with County Counsel, to formalize the proposed recommendations by the County Risk Manager and Risk Management Inspector General (RMIG) to revise the process for existing Corrective Action Plans (CAPs) and Summary Corrective Action Plans (SCAPs), and to provide notice to all County departments of the changes. The recommendations include aligning the threshold amounts triggering the requirement for CAPs and SCAPs, and establishing timelines for their completion after a tentative settlement has been reached. In response to the Board of Supervisors' motion, the changes listed below will be implemented and effective May 1, 2015.

**Full Corrective Action Plan**

A full CAP will be completed by departments for all tort liability settlements in excess of \$100,000, or within 30 business days of RMIG's request following an adverse jury verdict over \$100,000, or for matters as directed by RMIG. The CAPs are generally not confidential documents, except those deemed so by the department with County Counsel's concurrence. Along with SCAPs, the CAPs are to be submitted to the County Claims Board or directly to the Board of Supervisors.

**Summary Corrective Plan Threshold Amount Alignment**

The SCAPs will now be aligned with the threshold amount for CAPs. SCAPs are no longer required for settlements of \$100,000 and below. SCAPs will be completed by departments for all tort liability settlements, or within 30 business days of RMIG's request following an adverse jury verdict over \$100,000, or for matters as directed by RMIG. The SCAPs are generally not confidential documents, except those deemed so by the department with County Counsel's concurrence. Along with SCAPs, the CAPs are to be submitted to the County Claims Board or directly to the Board of Supervisors.

**Settlement Notification**

County Counsel and/or the County's Third-Party Administrators (TPAs) shall input tentative settlements in excess of \$100,000 in the Risk Management Information System (RMIS) or a successor system and notify the department and RMIG within one business day following the tentative settlement. County Counsel and/or the TPAs shall also report adverse jury verdicts above \$100,000 in the same manner.

## **New Timeline Requirement for Completion of CAPs and SCAPs**

Upon notification of a tentative settlement in excess of \$100,000, RMIG will review the claim and pose questions to the department, including those that reflect root cause analysis to be addressed in the CAP and SCAP.

Departments will have 30 business days from County Counsel or TPA notification of a tentative settlement to provide RMIG with a draft CAP and SCAP for review, which incorporates the root cause analysis questions, as well as department corrective actions.

Upon receiving the draft CAP and SCAP from the department, RMIG will contact the department with any follow-up questions. Once departments have adequately answered all questions, RMIG will provide approval of the CAP and SCAP and issue a notice to the department.

Departments shall respond to all RMIG questions and finalize the CAP and SCAP for RMIG's approval no more than 90 business days from receipt of settlement notification. Upon receipt of RMIG's approval of the CAP and SCAP, the department shall inform County Counsel the plans are completed and ready for submission to the County Claims Board or Board of Supervisors.

In certain circumstances, RMIG has the discretion to conditionally approve the CAP and SCAP and advise County Counsel and the department that it has granted an extension for the submission of the final supplemental CAP and SCAP.

## **Settlement Payments**

Within 45 business days of County Claims Board or Board of Supervisors approval of the settlements, a warrant should be drawn in accordance with the settlement documents. Payments requiring further judicial, regulatory, or third-party concurrence or confirmation may be extended beyond this time limit, as reasonably necessary.

## **Quarterly Report to the Board of Supervisors**

On a quarterly basis, RMIG will report the performance of departments in meeting these timelines to the Board of Supervisors.

## **Questions Concerning CAP and SCAP Process**

If questions arise regarding the CAP and SCAP process, departments should contact the Risk Management Inspector General, at (213) 738-2194. Any questions regarding CAP or SCAP confidentiality should be directed to County Counsel.