



**COLORADO**  
Department of Personnel  
& Administration

1525 Sherman St.  
Denver, CO 80203

June 16, 2014

Dianne E. Ray, CPA, State Auditor  
Colorado Office of the State Auditor  
1525 Sherman Street, 7<sup>th</sup> floor  
Denver, CO 80203

Dear Ms. Ray:

In response to your request, we have prepared an updated status report regarding the implementation of recommendations contained in the Evaluation of the (June 2013) *Performance Audit of the Division of Human Resources and State Personnel Board Audit #2192*. The attached report provides a brief explanation of the actions taken by the Department of Personnel & Administration to implement each recommendation. Kim Burgess, Chief Human Resource Officer will present to the Legislative Audit Committee.

If you have any questions, please do not hesitate to contact me at (303) 866-6559 or by email at [kathy.nesbitt@state.co.us](mailto:kathy.nesbitt@state.co.us)

Sincerely,

A handwritten signature in blue ink that reads "Kathy Nesbitt".

Kathy Nesbitt  
Executive Director



# AUDIT RECOMMENDATION STATUS REPORT

**AUDIT NAME:** Division of Human Resources and State Personnel Board, Performance Audit, May 2013

**AUDIT NUMBER:** 2192

**DEPARTMENT:** Department of Personnel & Administration, Division of Human Resources

**DATE:** June 16, 2014

## SUMMARY INFORMATION

Rec. Number	Agency's Response	Implementation Status	Original Implementation Date	Revised Implementation Date (if applicable)
1a	Agree	Implemented	May 2013	
1b	Agree	Implemented	June 2013	
1c	Agree	Partially Implemented	July 2013	September 2014
1d	Agree	Partially implemented	June 2014	September 2014
1e	Agree	Implemented	June 2014	
2a	Agree	Implemented	June 2014	
2b	Agree	Not Implemented	December 2013	August 2014
2c	Agree	Implemented and Ongoing	December 2013	
3a	Agree	Implemented and Ongoing	June 2014	
3b	Agree	Implemented	December 2013	
3c	Agree	Implemented and Ongoing	June 2014	
4a	Agree	Partially Implemented	December 2013	August 2014
4b	Agree	Implemented	June 2014	

## DETAIL OF IMPLEMENTATION STATUS

**Note: The Department agreed with all of the audit recommendations.**

### **Recommendation No. 1:**

The Department of Personnel & Administration should improve data integrity and its oversight over the performance review process by:

- a. Requiring agencies to enter accurate and complete performance review information into the State's Colorado Personnel Payroll System (CPPS) no later than the statutory deadline of July 1 of each year. This should include issuing technical guidance that specifies how agencies should record performance information in CPPS and requires agencies to update the information in a timely manner when changes occur.

**Current Implementation Status for Rec. 1, part a:** Implemented. **Agency's Update:** General Technical Guidance on Performance Management was updated and reissued in March 2014. The Division of Human Resources (DHR) provides agencies annual instructions on the entry of performance rating information in CPPS. Performance data is gathered from departments, being

reviewed by DPA/DHR to ensure complete information is provided by agencies, and follow-up on missing/incomplete information occurs to ensure the July 1 statutory deadline is met by agencies.

- b. Implementing processes for monitoring agency compliance with the statutes and rules on performance reviews, following up with agencies that do not comply, and identifying ways to improve compliance.

**Current Implementation Status for Rec. 1, part b:** Implemented. **Agency's Update:** The process identified in response to Rec. 1a is used to monitor compliance system-wide. The vast majority of performance reviews are now conducted at the end of the annual performance cycle.

- c. Verifying the self-reported, agency-level data in CPPS by periodically conducting compliance spot checks that compare CPPS data for a risk-based sample of classified employees with the performance review data and documentation maintained by agencies. The spot checks should include verifying that the CPPS data agencies record in the system are accurate.

**Current Implementation Status for Rec. 1, part c:** Partially Implemented. **Agency's Update:** Audit procedures, including a risk-based sampling methodology, are currently being developed and will be implemented by September 2014. Utilizing the risk-based methodology, spot checks will be conducted in the first quarter of Fiscal Year 2014-2015.

- d. Considering transitioning to a more efficient method of compiling data for the Joint Budget Committee (JBC) report for better compliance monitoring. This method could include using CPPS, developing and using an electronic performance review system that will provide system-generated review dates, or another method.

**Current Implementation Status for Rec. 1, part d:** Partially Implemented. **Agency's Update:** DPA uses CPPS as the single source of information for the JBC report. In its 2014 budget request, DPA/OIT requested funding for an enterprise HRIS system that will include a performance management component. The budget change request has been conditionally approved. The HRIS will allow DPA/DHR to fully implement this and other recommendations from this audit. Interim processes for spot-checks will be developed and implemented by September 2014.

- e. Providing agencies with technical guidance on the earliest date a performance review may occur.

**Current Implementation Status for Rec. 1, part e:** Implemented. **Agency's Update:** Guidance was provided to agencies through Technical Guidance issued in March 2014.

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## **Recommendation No. 2:**

The Department of Personnel & Administration should improve its monitoring and enforcement of agency compliance with state personnel system statutes, rules, and directives guiding the human resources function by:

- a. Implementing methods to track the types of complaints and requests for consulting services that the Division of Human Resources (Division) receives and using the information to improve the state personnel rules, training, and/or guidance it provides agencies' human resources staff.

**Current Implementation Status for Rec. 2, part a:** Implemented. **Agency's Update:** Inquiries/complaints are now directed to a dedicated electronic mailbox at DPA. Content analysis is conducted monthly and evaluated for trends. Based on this information, DHR Consulting Services staff develop and implement strategies for improvements. For example, Consulting Services staff developed and implemented training, and created a new process to record information and track requests for residency waivers to enhance communication and ensure consistency in decisions to grant or deny waivers.

- b. Using the information obtained from the tracking methods in part “a” of the recommendation to develop a risk-based approach for monitoring agencies, enforcing state personnel rules, and following up to ensure problems at agencies are corrected. This approach could include conducting audits and desk reviews of high-risk areas and following up on complaints and reports of noncompliance.

**Current Implementation Status for Rec. 2, part b:** Not Implemented. **Agency's Update:** This recommendation will be implemented in August 2014. A risk “score-card” is currently being developed to evaluate information tracked in response to Recommendation 2a as well as issues identified in requests for Personnel Director’s appeals. The score-card will be used to identify issues/circumstances where follow-up in the form of informal inquiry, spot-checks, or formal audits are required to secure agencies’ compliance.

- c. Performing an analysis of the Division’s organizational structure to determine whether opportunities exist to improve monitoring. These improvements could include allocating additional staff to monitoring functions and dividing the Division’s consulting and monitoring functions so that staff who provide consulting services to agencies are not responsible for enforcing the same agencies’ compliance with state personnel rules.

**Current Implementation Status for Rec. 2, part c:** Implemented and Ongoing. **Agency's Update:** DPA/DHR instituted protocols to divide consulting and monitoring functions (e.g., Personnel Director’s appeals are conducted by staff not assigned as consultants to the agency which is the focus of the review) and has instituted a peer review of consultation and/or compliance related actions. DPA will continue to evaluate the model for services to identify additional staffing needs, if they exist.

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### **Recommendation No. 3:**

The Department of Personnel & Administration should improve its workforce planning and management by:

- a. Continuing its efforts to improve its human resources information systems. These efforts should include exploring new information systems and the expanded usage of the Colorado Personnel Payroll System (CPPS).

**Current Implementation Status for Rec. 3, part a:** Implemented and Ongoing. **Agency's Update:** DPA/OIT has explored options for new systems and requested funding for the acquisition of an enterprise HRIS. In preparation for the acquisition, DPA/DHR is partnering with the OIT to conduct four phases of work. Currently, the team is finalizing a comprehensive inventory of HR systems in use by state agencies, and an analysis to map current high-level business processes and

identify critical gaps. The inventory and needs assessment will be completed by mid-July 2014. Contingent on funding, a detailed business process review will be conducted to identify areas for improvement and standardization. Data validation and clean-up will occur as the fourth phase of work.

- b. Developing and training agencies on accurate entry of data into statewide systems, including CPPS and COJobs.

**Current Implementation Status for Rec. 3, part b:** Implemented. **Agency's Update:** DPA instituted mandatory training for all new COJobs users at agencies and implemented training for current COJobs users on enhanced uses of the system in October 2013. Mandatory training is being provided for all new users of CPPS. DPA Central Payroll may require existing users to receive additional training in instances where agencies' errors are frequent or substantial.

- c. Developing human resource metrics and training agency human resources staff on the use of metrics to measure performance and develop long-term workforce planning strategies, including succession plans.

**Current Implementation Status for Rec. 3, part c:** Implemented and Ongoing. **Agency's Update:** DPA/DHR completed a multi-agency process improvement project focused on recruitment and selection in March 2014. The project resulted in the development of standard metrics for time-to-fill, which has been an area of concern for many years throughout state government. DPA/DHR provided agencies training on reporting capabilities in the COJobs system in May 2014 to allow agencies to better measure and monitor workflow in order to adhere to benchmarks for time-to-fill.

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#### **Recommendation No. 4:**

The Department of Personnel & Administration should improve its procedures for tracking Personnel Director's appeals to ensure they are all handled timely by:

- a. Implementing controls such as clear guidance for staff on data entry and a process for periodic supervisory review or spot checks of the appeals data to ensure it is entered into the database accurately and consistently and to verify that all pertinent appeals information is recorded, including the receipt date, the decision date, and the expiration date of the 90-day period.

**Current Implementation Status for Rec. 4, part a:** Partially Implemented. **Agency's Update:** New staff are now trained on data entry. Weekly status reports are run to ensure appeal decisions are rendered timely. Formal data entry procedures will be developed by August 2014.

- b. Using its database to track appeals and manage the appeals process and eliminating the use of hard-copy tracking sheets. This should include implementing standard procedures for utilizing the appeals database, such as through automated reports, to analyze appeal timeliness and trends.

**Current Implementation Status for Rec. 4, part b:** Implemented. **Agency's Update:** DHR conducted a process improvement exercise to improve the tracking of Personnel Director's appeals and is no longer relying paper tracking sheets. This process resulted in the implementation of periodic audits of the database and weekly status reports to ensure appeals are processed timely.

# State of Colorado



**John W. Hickenlooper**  
Governor

**Garth Lucero**  
Board Chair

**Dana Shea-Reid**  
Board Director

**State Personnel Board**  
1525 Sherman Street 4<sup>th</sup> Floor  
Denver, Colorado 80203  
Phone (303) 866-3300  
Fax (303) 866-5038

June 16, 2014

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7<sup>th</sup> Floor  
Denver, CO 80203

Dear Ms. Ray:

In response to your request, I have prepared an updated status report regarding the implementation of audit recommendations contained in the June 2013 *Performance Audit of the Division of Human Resources and State Personnel Board*. The attached report provides a brief explanation of the actions taken by the State Personnel Board to implement each recommendation.

If you have any questions, please do not hesitate to contact me at 303-866-5776 or by email at [dana.shea-reid@state.co.us](mailto:dana.shea-reid@state.co.us).

Sincerely,

A handwritten signature in blue ink, appearing to read "Dana Shea-Reid".

Dana Shea-Reid  
Director  
State Personnel Board

# AUDIT RECOMMENDATION STATUS REPORT

**AUDIT NAME:** Division of Human Resources and State Personnel Board, Performance Audit, May 2013

**AUDIT NUMBER:** 2192

**DEPARTMENT//ENTITY:** State Personnel Board

**DATE:** June 16, 2014

## SUMMARY INFORMATION

<b>Rec. Number</b>	<b>Agency's Response</b>	<b>Original Implementation Date</b>	<b>Implementation Status</b>
5a	Agree	January 2013	Implemented
5b	Agree	July 2013	Implemented
5c	Agree	July 2013	Implemented
5d	Agree	January 2013	Implemented
6a	Agree	May 2013	Implemented
6b	Agree	May 2013	Implemented
6c	Agree	June 2013	Implemented

## DETAIL OF IMPLEMENTATION STATUS

**Note: The State Personnel Board agreed with all of the audit recommendations.**

### **Recommendation No. 5:**

The State Personnel Board should improve its electronic case management system and processes to ensure cases are resolved efficiently and within the time frames established by rule and statute by:

- a. Adding the date the complainant reports receiving the notice of the agency action being appealed to the Board to the Legal Files system.

**Current Implementation Status for Rec. 5, part a:** Implemented. **Agency's Update:** A custom field was added to "Legal Files," the case management software used by the State Personnel Board. This field notes the date the complainant received the adverse action being appealed to the Board.

- b. Ensuring staff follow the standard procedures for entering information into Legal Files. This should include training Board staff and Administrative Law Judges (ALJs) on the standard procedures.

**Current Implementation Status for Rec. 5, part b:** Implemented. **Agency's Update:** State Personnel Board staff developed a step-by-step guide that was completed in July 2013 and was used promptly afterward to train current and new ALJs to ensure the correct process for entering case data. This procedural information is maintained online for easy access and periodic updating as needed. Training continues on an ongoing, one-on-one basis as needed or requested.

- c. Training staff to create data reports from the Legal Files system that can be used to conduct supervisory reviews such as determining whether cases met required deadlines.

**Current Implementation Status for Rec. 5, part c:** Implemented. **Agency's Update:** A staff member was trained in November 2012 and is responsible for generating bi-weekly reports on dates of adverse actions, filing deadlines, commencement, closing of record, and dates of the initial decisions. If there is any date that appears to be beyond the normal deadline, the staff member reviews the case file, determines the cause, and notes it on the report. Typically a date anomaly would be due to weekends or holidays, in which case the deadline would be extended to the next business day.

- d. Developing supervisory review procedures, such as comparing dates in Legal Files to a sample of hard-copy case management files to ensure they are the same, to provide reasonable assurance that electronic case data is accurate and complete.

**Current Implementation Status for Rec. 5, part d:** Implemented. **Agency's Update:** The reports described in part c are reviewed by the State Personnel Board Director and periodically audited against hard copy files. If there is an anomaly that is simply a data entry error, it is corrected immediately.

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## **Recommendation No. 6:**

The State Personnel Board should establish safeguards to manage potential conflicts of interest by:

- a. Approving and implementing a written policy on conflicts of interest that includes clear guidance to Board members, Administrative Law Judges (ALJs), and staff on what constitutes apparent, potential, and real conflicts of interest and in what situations Board members and staff should disclose conflicts of interest and recuse themselves

**Current Implementation Status for Rec. 6, part a:** Implemented. **Agency's Update:** A Conflict of Interest policy was drafted for Board approval in March 2013 and implemented in May 2013. All Board members and Board staff, which includes ALJs, received a copy for review and provided their signature to certify that they read, understood, and will comply with the policy.

- b. Establishing a process requiring all Board members, ALJs, and staff to annually sign conflicts of interest statements affirming that they will comply with the policy established in part "a" and disclose any apparent, potential, or real conflicts of interest known at the time of signing and taking appropriate action when conflicts are disclosed.

**Current Implementation Status for Rec. 6, part b:** Implemented. **Agency's Update:** Continuing Board members and Board staff are required to sign an annual disclosure form for conflict of interest before June 30 of each fiscal year. New Board members and newly hired staff are required to sign the same within two weeks of appointment or hire.

- c. Implementing training on conflicts of interest and ensuring that Board members, ALJs, and staff receive this training when they join or are hired by the Board and periodically thereafter, such as biennially. Ongoing training should include reminders on conflicts of interest policies and procedures, such as from the Board Chair or legal counsel, during each Board meeting.

**Current Implementation Status for Rec. 6, part c:** Implemented. **Agency's Update:** The Conflict of Interest policy and general information regarding conflicts of interest and ethics is

provided in the orientation for newly appointed or elected Board members. A two hour all-Board training session was conducted in Fall 2013 and will be repeated biennially. For Board staff, issues of conflicts of interest are discussed frequently during staff meetings. When a new employee is hired, the policy is shared and discussed in detail. Additionally, Board counsel issued a memorandum to the Board in September 2013 regarding legal and ethical considerations. That memorandum is provided to newly appointed or elected Board members. Monthly disclosure statements are available to Board members in order that they may disclose any conflict of interest or potential conflict regarding business before the Board for that month and to recuse themselves from action or discussion of that business if necessary.