

State of Colorado



ATTACHMENT B

Bill Owens
Governor

Jeffrey M. Wells
Executive Director

Paul Farley
Deputy Executive Director

Jeffrey C. Schutt
Division Director

June 15, 2006

DPA

Department of Personnel
& Administration

Division of Human Resources
1313 Sherman St., First Floor
Denver, Colorado 80203
Phone (303) 866-2323
Fax (303) 866-2021
www.colorado.gov/dpa

Senator Jack Taylor
Chairman, Legislative Audit Committee
Office of the State Auditor
200 E. 14th Avenue
Denver, Colorado 80203

Re: Status Report on 2005 audit of the Department of Personnel & Administration.

Dear Senator Taylor:

The Department of Personnel and Administration (Department) submits the following report of implementation status.

Recommendation #1: The Department of Personnel and Administration should improve its oversight and monitoring of the State's hiring practices by:

- a. Modifying ADS or developing another system to capture the date each vacancy is announced and filled, and establishing requirements and guidelines for agencies and institutions to follow when entering job vacancy and selection data into ADS or another system that has such capabilities.
- b. Developing benchmarks to evaluate the State's effectiveness in filling job vacancies and/or helping agencies develop their own metrics or benchmarks for assessing their hiring practices.
- c. Using the information from ADS or another system in place of a survey to monitor hiring time frames, identify problem areas, help agencies identify hard-to-fill positions, and provide assistance and training as needed.

Implementation Date: July 1, 2006.

May 2006 Status: In Progress. An interagency focus group is developing the system requirements for replacing ADS and the related on-line application and job announcements systems during FY 2006-07. We are currently writing the RFP. Benchmark timelines for effectively filling job vacancies will be established following implementation of the new system.

A field audit on selection is planned for the fall of 2006 that will provide data on hiring time frames and identifying hard-to-fill positions. From the audit results, the Department will provide assistance and training based on need. Target completion of the selection audit is June 2007.

Recommendation #2: The Department of Personnel and Administration should develop guidelines for conducting credential and criminal history checks to help state agencies and higher education institutions establish policies and practices in these areas. The guidelines should include:

- a. Whether and how all credentials should be verified, how the verification should be documented, and whether periodic post-employment verification should be done to ensure employee licenses and credentials remain current.
- b. How to identify positions that could pose threats to people or property and therefore should be subject to criminal history checks; criteria for using criminal history check results in the hiring process; the best method of conducting checks; when to request criminal history from applicants; and when to conduct post-employment checks.
- c. The Department should also incorporate a process to verify compliance with such guidelines in its audit process.

Implementation Date: July 1, 2006.

May 2006 Status: In Progress. Technical Assistance for background checks has been written, is under review, and set for publication on the Department's website in July 2006. The document contains general guidelines for conducting criminal, credit, and driving history and credential checks and instructs departments to develop internal policies around this issue. The selection field audit scheduled to begin in the fall of 2006 will collect data on established department policies and identify areas for improving background checks as part of the selection process.

Recommendation #3: The Department of Personnel and Administration should develop succession-planning tools for state agencies and institutions. This should include continuing to provide training to state agencies and institutions of higher education on planning for the succession of state employees, particularly in terms of identifying turnover rates for key positions, defining the core skills and competencies needed for replacement, and establishing methods to train existing employees or recruit new employees to fill vacancies.

Implementation Date: July 1, 2006.

May 2006 Status: In Progress. The Department is in the final development stages of two related models, one for workforce planning and another for succession planning. The Department expects to roll out the final tools and provide associated training for state departments and institutions at its annual fall conference for human resources and risk management professionals. An exit survey and cost per hire/turnover calculator have been developed and are available on the web along with processes for identifying key positions, competencies associated with key positions, and job profiles for specific positions.

Recommendation #4: The Department of Personnel & Administration should reevaluate its training role by:

- a. Collecting and analyzing data to identify the training needs of state employees and offer targeted training to agencies and institutions. This should include evaluating the usefulness of classes the Department provides, periodically obtaining information from state agencies and institutions on the training that they provide and their training needs, analyzing employee disputes filed with the Board, determining the type of training that should be mandatory, and requiring agencies and institutions to provide evidence that they have obtained such training.
- b. Pursuing options for filling state employee training needs by brokering training services for reduced costs.
- c. Working with the General Assembly to propose statutory changes consistent with its redefined role.

Implementation Date: July 1, 2006.

May 2006 Status: In Progress. A standardized training evaluation form was developed and is now used to collect data on content and quality of all classes. The evaluations are reviewed after each class and are used to improve existing classes, develop new ones, and to evaluate the performance of the staff of the training program. A state training advisory council provides information on employees' needs and training requests. That information is also used in developing and scheduling training programs. The Department has begun collecting and analyzing data on disputes filed with the State Personnel Board for purposes of potential training changes. Additional strategies include free training provided by the Colorado State Employees' Assistance Program, the Risk Management Program, other agency training offices, and cooperative arrangements with the State Personnel Board and the Governor's Office of Innovation and Technology, as well as reduced cost training provided by various contract trainers.

The inclusion of a mandatory training component to the Department's business model for training remains in the development stages pending completion of recommendations 4b and 4c. Mandatory training has significant financial implications for the State and the Department is still developing the return on investment analysis, including identifying the sources and adequacy of funds necessary to cover the up front costs. As part of the financial analysis, the Department is awaiting the first year financial performance results of a new interagency partnership with CSU for brokered training delivery implemented July 1, 2005, consistent with Recommendation 4b. CSU's course offerings are priced at or below market rates and include computer training, supervision, conflict management, and other skills-based training. On-line training opportunities through CSU are currently under development, which should help reduce lost travel costs and minimize productivity losses with reduced time away from work. The Department receives a per student fee from CSU.

The Department's recommendations for statutory change are still being developed, although any mandatory training determined to be appropriate would require statutory authorization. Given the continued evaluation and development of a more effective business model, the Department

anticipates completing a thorough analysis of potential statutory changes in time for the 2008 session of the Colorado General Assembly.

Recommendation #5: The Department of Personnel & Administration should strengthen oversight of employee performance planning and evaluation programs by:

- a. Ensuring new employee database will allow queries to easily compile information whether each agency completed performance evaluations on time.
- b. Reviewing a sample of actual plans and evaluations to verify what is reported in the new employee database.
- c. Using data from the new database, rather than from an annual survey, to assess compliance with performance planning and evaluation requirements; identify agencies and institutions that are consistently late in completing employee performance plans and evaluations; and offer training and technical assistance to help improve timeliness.
- d. Using information from the new employee database as part of a risk-based audit program if the Department chooses that approach in accordance with Recommendation #7.

Implementation Date: August 1, 2006.

May 2006 Status: In progress. The CPPS employee database was implemented on December 1, 2005, and contains the data fields to allow queries on completed performance evaluations. Agency personnel were instructed through training to put the actual date of the rating in the system rather than a common date so that the original evaluation documents would match the electronic input. In June 2006, a sample of performance evaluations and performance plans is being collected to verify the information in the employee database. From this sample, problems can be identified and an appropriate intervention identified.

Recommendation #6: The State Personnel Board and the Department of Personnel & Administration should:

- a. Improve state employee's awareness of the State's mediation programs by expanding information on the Department's website, developing brochures and written materials for the programs, and informing human resource administrators at state agencies and institutions on the benefits of mediation programs.
- b. Work with the General Assembly to eliminate the requirement for a pre-hearing whistle-blower investigation by the Department.

Implementation Date: July 1, 2006.

May 2006 Status: Completed. The mediation webpage was redesigned to include a description of the program, an explanation of the process, quality assurance, contact information, and links to a brochure and standard forms. An article describing the benefits of the mediation program was published in the February 2006 Advisor newsletter for the human resources and risk management communities. The Department and the Board worked with the General Assembly and successfully repealed the statutory requirement for pre-hearing whistleblower investigations through the passage of House Bill 06-1061. The change is effective August 9, 2006.

Recommendation #7: The Department of Personnel & Administration should improve its monitoring and oversight of the human resources practices of state agencies and higher education institutions by:

- a. Considering alternative methods for oversight, which includes focusing audits on areas that represent either a financial risk or potential liability to the state; self-assessments, desk-audits, and human resource metrics; and sharing of best practices.
- b. Developing an audit plan that includes specific deadlines for completing all audits and each phase of the audit in a timely manner, and developing specific plans and audit approaches to guide future audits.
- c. Devoting sufficient resources to meet the deadlines established in the audit plan as discussed in (b) above, including tracking and analyzing the time spent on each audit step to ensure its time and resources are used effectively.

Implementation Date: March 1, 2006.

May 2006 Status: In Progress. Research has been completed on alternative approaches to conducting audits. Risk-based criteria are being incorporated into the selection audit scheduled for FY07 and the desk audit approach is being used in the performance management audit begun in April 2006. An overall audit plan has been developed for the upcoming selection system audit, which includes tasks and deadlines that will serve as the model for future audits. Model practices addressing compensation policies, overtime, confidentiality, and work authorization have been developed and published on the DHR website. These models are based on findings from the Total Compensation and Records Management audit. Staff turnover in the unit continues to be a factor limiting resources available to perform audits. Two vacant staff positions and a supervisor position were filled between December 2005 and March 2006, respectively. Two remaining vacancies are expected to be filled within the next month. The Department has also begun considering its options for outsourcing some of this work.

Please contact me if you have any questions on this update. I appreciate the opportunity to provide additional information.

Sincerely,



Jeffrey C. Schutt, Director
Division of Human Resources
Colorado Department of Personnel & Administration

cc: Jeff Wells, Executive Director, Department of Personnel & Administration
Jennifer Okes, CFO, Department of Personnel & Administration

State of Colorado



Bill Owens
Governor

John Zakhem
Board Chair

Kristin F. Rozansky
Board Director

State Personnel Board
633 17th Street, Suite 1320
Denver, Colorado 80202-3604
Phone (303) 866-3300
Fax (303) 866-5038

June 12, 2006

Jack Taylor, Chairman
Legislative Audit Committee
C/o Office of the State Auditor
200 E. 14th Avenue
Denver, Colorado 80203

Dear Senator Taylor:

I am responding, on behalf of the Colorado State Personnel Board, to a request from the Office of the State Auditor to update the Legislative Audit Committee regarding the implementation of the audit recommendations contained in the June 2005 Performance Audit of the State Personnel Board. The Board has implemented both of the recommendations contained in the Performance Audit.

With regard to the recommendation to improve state employees' awareness of the State's mediation programs, the Board has updated its website to include both general and contact information on the mediation programs offered by the State Employee Mediation Program and the Colorado State Employee Assistance Program. This information is also offered to any employees who contact the Board requesting mediation information. In addition, the Board continues to offer mediation services to the parties in every action filed with the Board. In the past year, the Board's administrative law judges have also been integrated into the Board's settlement program. The settlement rate for cases filed with the Board during the 2006 fiscal year has been over 80%.

The Board also assisted in the implementation of the recommendation to eliminate the requirement for a pre-hearing whistleblower investigation by the Department of Personnel & Administration in state employees' actions filed with the Board. During the 2006 Legislative Session, HB 06-1061, which both eliminated the whistleblower investigation and updated the deadlines contained in the State Employee Protection Act (the Whistleblower Act), was passed by the Legislature and signed by the Governor. Board staff assisted with the legislation by providing comments to the staff of the Office of the State Auditor on drafts of the legislation and, once the legislation was introduced, testifying in support of the legislation.

If you should have any further questions, please contact me at 303.866.5044 or by email at kristin.rozansky@state.co.us.

Sincerely,


Kristin F. Rozansky
Director