

**AUDIT OF
COUNTY EXECUTIVE OFFICE/HUMAN RESOURCES
RECLASSIFICATION PROCESS FOR
MANAGEMENT POSITIONS**

Date: September 12, 2003

Audit No. 2344

Independent Technical Experts:

Robert Miranda, CPA, Jefferson Wells International
Loretta Raftery, Esq., SPHR, Jefferson Wells International
Robert Griffith, Consultant

Internal Audit Department Contributors:

Peter Hughes, Ph.D., CPA
Eli Littner, CPA
Michael Goodwin, CPA
Dan Melton, CPA
Leigh Riddle, MBA, CIA



INTERNAL AUDIT DEPARTMENT

COUNTY OF ORANGE

**AUDIT OF
COUNTY EXECUTIVE OFFICE/HUMAN RESOURCES
RECLASSIFICATION PROCESS FOR
MANAGEMENT POSITIONS**

Table of Contents

| | |
|---|----|
| Transmittal Letter..... | i |
| Executive Summary | |
| Introduction and Background | 1 |
| Decentralized Human Resources Function..... | 1 |
| Scope/Objectives | 2 |
| Approach and Methodology | 2 |
| Process Components..... | 3 |
| Summary of Audit Observations of the Process Components..... | 4 |
| Process Maturity Model..... | 5 |
| Assessment of the Management Reclassification Process Using a Process Maturity Model..... | 6 |
| Department/Agency Survey | 7 |
| Results of Department/Agency Survey | 8 |
| Overall Audit Conclusion..... | 9 |
| Acknowledgements | 9 |
| Detailed Report | |
| Current Reclassification Process | 10 |
| Phase I - Request to Initiate a Study | 10 |
| Phase II – Study Conducted | 11 |
| Phase III – Review and Decision Making..... | 11 |
| Observations & Recommendations | 12 |
| 1. Standards..... | 12 |
| 2. Process | 15 |
| 3. Tracking and Documentation:..... | 16 |
| 4. Timelines | 19 |
| 5. Responsiveness..... | 20 |
| 6. Training..... | 21 |
| 7. Performance Measures..... | 23 |
| Appendix A: Blank Survey Form | |
| Appendix B: Flow Chart for Reclassification Process for Management Positions | |
| Appendix C: Job Class Specifications | |
| ATTACHMENT: CEO Management Response | |



PETER HUGHES, Ph.D, CPA, CIA, CFE, CITP

Director

Internal Audit Department
400 Civic Center Drive West
Building 12, Room 232
Santa Ana, California 92701-4521
(714) 834-5475 Fax: (714) 834-2880

Transmittal Letter

Audit No. 2344

September 12, 2003

TO: James D. Ruth, Interim CEO
Jan Walden, Assistant CEO, Director of Human Resources

SUBJECT: Audit of County Executive Office/Human Resources
Reclassification Process for Management Positions

Enclosed is a copy of our final report on the Audit of County Executive Office/Human Resources
Reclassification Process for Management Positions. If you have any questions please call me at (714)
834-5475.

Respectfully submitted,

Dr. Peter Hughes, CPA
Director, Internal Audit Department

Appendix A: Blank Survey Form

Appendix B: Flow Chart for Reclassification Process for Management Positions

Appendix C: Job Class Specifications

Attachment: CEO Management Response

Distribution:

Members, Board of Supervisors
Members, Audit Oversight Committee
County Agency/Department Heads
Foreman, Grand Jury
Robert Miranda, CPA, Jefferson Wells International
Loretta Raftery, Esq., SPHR, Jefferson Wells International
Robert Griffith, Consultant
Patricia Cahill, Manager, CEO/HR Standards & Quality Assurance
Gloria Phillips, CEO/HR Standards & Quality Assurance
Darlene Bloom, Clerk of the Board of Supervisors

Executive Summary

Introduction and Background

In May 2003, the County of Orange Internal Audit Department (IAD) contracted with Jefferson Wells International, a professional internal auditing and consulting firm, to provide subject matter experts in auditing and human resources. They assisted IAD in assessing the County Executive Office/Office of Human Resources (CEO/HR) Reclassification Process for Management Positions. Representing Jefferson Wells was Robert Miranda, CPA, who is the Regional Director for the firm's Southern California operations. Mr. Miranda has over 32 years experience in auditing and consulting for local, State and Federal governments. Cooperating with Jefferson Wells in this review was Loretta Raftery, Esq., SPHR, who is the CEO and founder of HR/Labor Solutions, Inc., a human resources and labor relations consulting firm. IAD also hired Mr. Robert Griffith to assist in this review. Mr. Griffith has experience both in County operations and organizational history, as well as specific experience in the County's human resources function. Mr. Griffith worked in management and as an executive for the County of Orange for 34 years, 12 of those years were in the County's Human Resources Office.

Job classification is the process of organizing jobs into homogeneous groupings through job analysis and job evaluation. This process attempts to logically group jobs similar in work and qualifications in order to establish compensation that is equitable throughout the County. Reclassification is a process by which one or more positions within a particular job classification are evaluated to determine if job characteristics and requirements have changed enough to warrant a change in classification and compensation.

A job reclassification request can be initiated when a department/agency has determined the work, responsibilities, and/or the qualifications required to perform work in a particular job position have changed significantly. The significant change criteria are evaluated for the purposes of attracting, selecting, or retaining qualified candidates for the job position. The requested reclassification along with supporting documentation and analysis is sent to CEO/HR for their review and approval.

The County of Orange Personnel and Salary Resolution (PSR) establishes the Human Resources Director's authority over job classifications and compensation. A revision to the PSR was adopted by the Board of Supervisors in March 2003. The revised PSR contains little information regarding the job reclassification process, except for the following references in Article 1 which authorize the Human Resources Director to:

- Determine an employee's salary when involved in reassignments or reclassifications among classes with different salary rates.
- Not change an employee's salary when positions are reclassified to a higher salary range.

Decentralized Human Resources Function

One of the outcomes of the County bankruptcy in 1994 was the decentralization of the human resources function. At the beginning of decentralization only limited HR responsibilities were delegated to Departments/Agencies and CEO/HR staff was reduced because of the placement of their staff in the Departments/Agencies. CEO/HR formed a Human Resources Forum and provided training in areas such as recruiting and job compensation/classification. Over time, additional HR responsibilities were delegated to the Departments/Agencies and the training provided by CEO/HR became focused on leadership and pay-for-performance issues (e.g. Enlightened Leadership, PIP, MPP) and less on the basic HR functions. As a result of decentralization, shared responsibilities between CEO/HR and the Department/Agencies became more prevalent. Departments/Agencies are now responsible for hiring and managing their HR Managers and CEO/HR does not have organizational responsibility over them.



Executive Summary

After decentralization, CEO/HR in alignment with Board, strategic priorities became more focused on County strategic planning issues. They were instrumental in developing a Workforce Planning process that is tied to the Department/Agency business plans and budgets, focusing on the resources needed to meet business objectives. According to CEO/HR, no other county in California has implemented this process and other counties look at the County of Orange for their best practices. We acknowledge CEO/HR for their accomplishments in this area.

Scope/Objectives

Our review of the CEO/HR Reclassification Process for Management Positions began May 31, 2003. The objectives of our review are to:

- Evaluate the adequacy and effectiveness of the CEO/HR process and controls over reclassification of management positions.
- Review the entire process from origination of requests for reclassifications by departments/agencies through their review, approval, or denial by CEO/HR and to determine how requests are tracked, monitored, assessed, and resolved.
- Review CEO/HR's established criteria or standards for accepting or rejecting the results of reclassification studies, evaluate time frames to complete reclassifications, and determine if these standards are adhered to and applied consistently.

Approach and Methodology

Internal Audit Department hired consultants with expertise in human resources and audit processes to conduct interviews and fieldwork. Our review was based on interviews and assessments of documentation provided by CEO/HR staff and through surveys conducted with all Department/Agency Directors and Human Resources Managers. We also contracted with an external public accounting firm to review and certify the results of the Department/Agency survey. As a standard audit process, confidentiality of specific responses and respondents is a critical factor in the value of this review and is being maintained. The source survey responses were destroyed after validation by an external auditing firm, Moreland & Associates, Inc., and the summary record is all that exists. Our approach was that we:

- Interviewed the staff persons responsible for Reclassifications at CEO/HR,
- Prepared a process flowchart of the Reclassification Process and confirmed the accuracy of this flowchart with CEO/HR,
- Requested, obtained copies of and reviewed all documentation, memoranda, training materials, and other information referenced by CEO/HR in making Reclassification decisions,
- Interviewed personnel suggested by CEO/HR, the Manager of the CEO/Budget Office, and certain Department/Agency Directors and Human Resources Managers,
- Conducted a written survey of all Department/Agency Directors and Human Resources Managers,
- Tabulated survey results received from the Departments/Agencies,
- Evaluated survey results, interviews, and documents relating to the Management Reclassification Process,
- Prepared a summary of Observations and Recommendations.



Executive Summary

Process Components

In evaluating the reclassification process, we identified seven components that should exist in the management reclassification process to aid in our understanding of the strengths and weaknesses of the system. Those components we examined are as follows:

- **Standards:**
We examined the standards or guidelines used in making reclassification decisions to determine if the standards are clearly articulated, defined and objective. We evaluated how well the standards are communicated to the process users and whether they are applied consistently across the user groups.
- **Process:**
We reviewed the level of detail in the management reclassification process procedures, how well the steps were defined, how effectively the process was communicated to the users, and whether the process is applied consistently across the user groups. We also looked at how well the roles and responsibilities of the various parties were defined.
- **Tracking and Documentation:**
We reviewed the ways CEO/HR kept track of the reclassification work in progress, as well as documentation of the decisions and reasons for approval or denial of reclassification requests.
- **Timelines:**
We examined the time taken to complete activities in the reclassification process to determine if timelines are predictable, reasonable and appropriate given the needs of the parties and the complexity of the issues. We reviewed documentation to determine if participants are held accountable for meeting timelines.
- **Responsiveness:**
We examined how responsive CEO/HR is to the needs of its customers, how helpful and accessible CEO/HR staff is in addressing questions regarding the process, and how responsive is the current process in fulfilling business goals and objectives of the Departments/Agencies.
- **Training:**
We looked at training materials to determine the completeness and currency of the training.
- **Performance Measures:**
We looked for process measures such as how many studies are completed and how long they take to judge the effectiveness of the process.



Executive Summary

Summary of Audit Observations of the Process Components

Below is a summary of the observations found based on our review. Our observations are categorized by the seven components identified above. A detailed discussion of each observation is in the Observations and Recommendations section of this report.

| <i>Process Component</i> | <i>Description</i> | <i>Report Detail</i> |
|----------------------------|---|----------------------|
| Standards | <ul style="list-style-type: none"> Limited standards and instructions to initiate reclassification requests. No published, objective criteria for the making of reclassification decisions. CEO/HR has complete authority and discretion to approve or deny reclassification requests. Perception is that if objective standards do exist, they are not consistently and fairly applied. | Page No. 12 |
| Process | <ul style="list-style-type: none"> With the exception of instructions for the Workforce Plans, there are no written procedures used in the classification process. There are no published instructions for submitting ad hoc requests. There are no standardized forms, guidelines provided to depts./agencies for reclassification requests or studies. The informal processes are not well understood by the depts./agencies. | Page No. 15 |
| Tracking and Documentation | <ul style="list-style-type: none"> There is no apparent tracking of the status of studies. Documentation of reclassification approvals/denials is minimal and not helpful for future studies. There is little communication with depts./agencies regarding CEO/HR's status of study requests and status of their review of completed studies. | Page No. 16 |
| Timelines | <ul style="list-style-type: none"> CEO/HR does not commit to timelines and it often takes several months for depts./agencies to receive answers, including responses to Workforce Plan requests. | Page No. 19 |
| Responsiveness | <ul style="list-style-type: none"> CEO/HR is not perceived as a true business partner by most departments. | Page No. 20 |
| Training | <ul style="list-style-type: none"> No training in the classification or reclassification system has been conducted in several years. | Page No. 21 |
| Performance Measures | <ul style="list-style-type: none"> There are no performance measures used for any part of the classification system. | Page No. 23 |



Executive Summary

Process Maturity Model

We utilized a Process Maturity Model (PMM) to evaluate where the current process is in its maturity life cycle in order to establish priorities for process enhancements required to attain higher levels of business process maturity. The Process Maturity Model is based on the Capability Maturity Model (CMM) developed by the Carnegie Mellon University's Software Engineering Institute.

Like CMM and its focus on technology development, the Process Maturity Model (PMM) defines stages of business process development. These business processes typically progress through five distinct stages of maturity over the course of their life cycle. Some business processes may even regress from higher levels of maturity and slide downward due to management inattention, lack of awareness, or inadequate resources. Our PMM measures the five stages of business process maturity. The first stage describes a process in its infancy and the fifth and final stage describes a process that is fully matured, robust, responsive, flexible, adaptable, and collaborative. The Process Maturity Model identifies and defines the following five stages of process maturity.

Stage 1: Initializing

A Stage 1 process has little, if any, defined or documented standards, criteria or guidelines. Standards that are established are typically vague and general in nature and allow considerable latitude in interpretation. Performance measures are not used nor is the process tracked, monitored or actively managed. Consequently the outcomes tend to be viewed by users as ad hoc, sporadic and subjective in nature with user frustration usually running high.

Stage 2: Repeatable

A Stage 2 process has standards and criteria that are partially defined, documented and communicated. Standards have some degree of specificity and enables users to predict somewhat the outcomes. Routines exist more than defined processes. The absence of clear objective criteria still contributes to some users' confusion, frustration, and dissatisfaction.

Stage 3: Stabilized

A Stage 3 process has objective standards and criteria that are becoming well defined, documented and communicated. Management is aware of performance measures and uses them to encourage consistent, predictable, and equitable outcomes. Users are adhering to guidance and their perceptions of the process tend to be favorable.

Stage 4: Actively Managed

A Stage 4 process has well defined objective criteria and standards that are clearly documented, adhered to and communicated. The process has well defined and comprehensive performance measures to monitor and ensure consistent and predictable results. User satisfaction is generally high.

Stage 5: Strategically Managed

A Stage 5 process has all the components of a Stage 4 process. The key difference is the built-in capacity to improve the services and results on an on-going basis. Process performance is regularly and routinely analyzed to identify bottlenecks and defects and to determine their root causes. The regular use of user surveys is designed into the process to ensure the results support the entities strategic plans. Changes in process are well thought out and discussed with users prior to implementation. Steering or advisory committees provide on-going oversight that balance competing and even conflicting objectives. Processes are transparent, well defined, supported, and where appropriate formal and objective "appeal" processes exist and provide balanced and timely resolution of conflicts.



Executive Summary

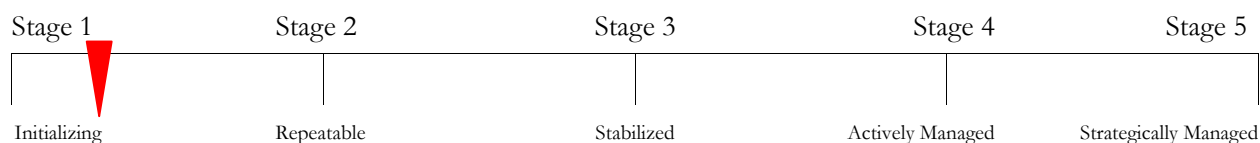
User satisfaction typically correlates well with the stages of maturity. That is, users will typically be highly frustrated and dissatisfied with a process that is in its initializing stage because it is not meeting their needs. Users will typically be satisfied and happy with a process that is in the fifth stage of maturity, the strategically managed stage, because it is optimizing their needs.

Assessment of the Management Reclassification Process Using a Process Maturity Model

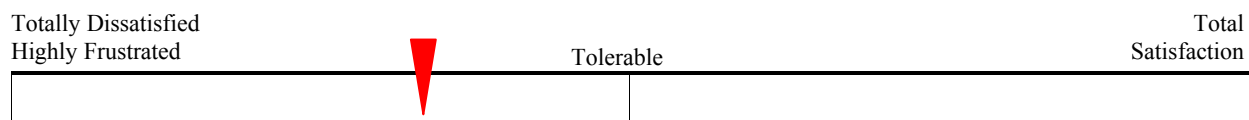
We have assessed the CEO/HR management reclassification process as falling somewhere between Stage 1 – Initializing and Stage 2 –Repeatable. In addition, user satisfaction reflected in the survey is also in the area between “Highly Frustrated” and “Tolerable,” which is where we expected it to fall given the maturity assessment of the process. The graphs below depict our assessment of the reclassification process maturity and reported user satisfaction.

In our assessments of business processes, we typically recommend a stage three (Stabilized) maturity level as a minimum level for those processes we think are critical and have large, widespread impact on the operations of the County. Our recommendations based on the audit observations and findings, would if implemented, help CEO/HR management achieve stage three (Stabilized) maturity for the reclassification process.

PROCESS MATURITY



REPORTED USER SATISFACTION



Executive Summary

Based upon the results of our audit, we have assessed the seven process components using the PMM rating scale and the results are shown in the following table:

Process Rating: 1-Initializing through 5-Strategically Managed

| Component | Phase I: Initiating Request | Phase II: Conducting Study (CEO/HR Role only) | Phase III: Review/ Decision making | Average Rating |
|-------------------------------|--------------------------------|---|--|-------------------|
| Standards: | 2 | 1 | 1 | 1.33 |
| Process: | 2 | 1 | 1 | 1.33 |
| Tracking and Documentation | 1 | 1 | 1 | 1 |
| Timelines | 1 | 1 | 1 | 1 |
| Responsiveness | 1 | 1 | 1 | 1 |
| Training | 2 | 1 | 1 | 1.33 |
| Performance Measures | 1 | 1 | 1 | 1 |
| Average Rating | 1.43 | 1 | 1 | 1.14 |

Department/Agency Survey

The Internal Audit Department conducted a survey to obtain feedback regarding the CEO/HR Reclassification Process for Management Positions. All County Departments/Agencies were surveyed with the exception of the County Executive Office and Internal Audit. Responses were received from each of the twenty-one Departments/Agencies surveyed; although, some of the Departments/Agencies identified one or more of the survey questions as “not applicable.”

The specific Departments/Agencies are: Assessor, Auditor-Controller, Child Support Services, Clerk of the Board, Clerk-Recorder, Community Services Agency, County Counsel, District Attorney, Health Care Agency, Housing/Community Development, Integrated Waste Management, John Wayne Airport, Library, Planning/Development Services, Public Facilities/Resources, Probation, Public Defender, Registrar of Voters, Sheriff-Coroner, Social Services Agency, and Treasurer-Tax Collector. A copy of the survey form is attached hereto as Appendix A.



Executive Summary

The results of the survey were reviewed and certified by Moreland & Associates, Inc. Following are all the specific questions asked in the survey:

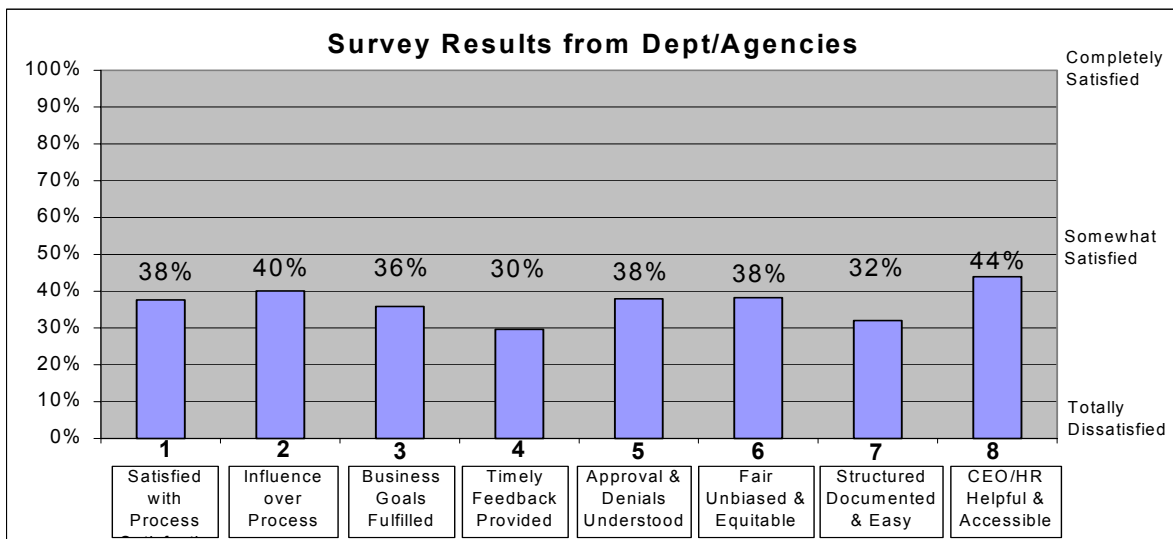
SURVEY QUESTIONS:

| | |
|----|---|
| 1. | How satisfied are you with the current process? |
| 2. | How much influence and control do you feel you have over your reclassification requests in the current process? |
| 3. | How responsive is the current process in fulfilling your business goals and objectives? |
| 4. | Do you feel the process provides timely feedback? |
| 5. | Do you understand why management reclassifications are approved or denied? |
| 6. | Do you view the current process as Fair, Unbiased, and Equitable? |
| 7. | Do you find the current process well structured, documented and easy to implement? |
| 8. | How helpful and accessible are CEO/HR resources in addressing your questions regarding the current process? |

Results of Department/Agency Survey

We conducted a survey of all County Departments/Agencies to obtain their perceptions on the effectiveness of the management reclassification process and to get their ideas on areas that needed improvement and their recommendations for these areas. As a standard audit process, confidentiality of specific responses and respondents is a critical factor in the value of this review. Therefore, confidentiality of the survey results is being maintained. We engaged an independent, external public accounting firm specifically to review and certify the survey results reported to ensure complete accuracy of the results.

The results of the survey showed ratings averaging at the low end of the scale and should be viewed as an indication of general dissatisfaction with the management reclassification process. The Departments/Agencies were most critical of the lack of timeliness on feedback and the lack of structure and documentation.



Executive Summary

Overall Audit Conclusion

Our review found that the maturity stage for the current process for the reclassification of management positions is a little higher than stage one (Initializing), but below the stage three (Stabilized) level we recommend as a process minimum. The process we encountered is ad hoc and lacks definition, accountability and adequate documentation, and is not supported by clear policies and procedures. Consequently, the current process is not clearly understood by the users in departments/agencies and is not considered responsive to department's/agencies strategic business goals.

CEO/HR acknowledges the observations made in this report about deficient process issues need to be addressed. Their focus has been on strategic priority issues and they realize their lack of focus in processing routine matters. CEO/HR also cites additional challenges that exist under a decentralized human resources environment when there is a shared responsibility between CEO/HR and Departments/Agencies. CEO/HR has expressed willingness to incorporate the recommendations made in this report and a desire to improve the reclassification process.

An entrance conference for this review was held on May 27, 2003 attended by Interim CEO James Ruth, CEO H/R Director Jan Walden, Internal Audit Director Dr. Peter M. Hughes, CPA, and Internal Audit Deputy Director Eli Littner, CPA.

The first exit conference for this review was held on August 19, 2003 attended by consultants Robert Miranda, Loretta Raftery, and Robert Griffith, CEO/HR Director Jan Walden, and CEO/HR staff Patricia Cahill and Gloria Phillips, and Internal Audit Deputy Director Eli Littner, CPA, and Audit Managers Autumn McKinney, CPA, Alan Marcum, CPA, and Michael Goodwin, CPA.

The second exit conference for this review was held on September 9, 2003 attended by Assistant CEO Bill Mahoney as the Acting CEO in the absence of Mr. James Ruth, CEO/HR Director Jan Walden, CEO/HR staff Patricia Cahill and Gloria Phillips, and Internal Audit Director, Dr. Peter M. Hughes, CPA, Internal Audit Deputy Director Eli Littner, CPA, and Audit Manager Michael Goodwin, CPA.

Acknowledgements

We would like to thank the CEO/HR staff for their support and cooperation during the audit including: Jan Walden, Director, Patricia Cahill, Manager of Standards & Quality Assurance, Gloria Phillips of Standards & Quality Assurance. We also wish to acknowledge all the Department/Agency Directors and Human Resources Managers for their participation in our survey and providing ideas and recommendations for process improvements.



Detailed Report

Current Reclassification Process

According to the CEO/HR staff and confirmed by those we interviewed, the reclassification process has three identifiable phases. The initial phase includes those activities leading to the decision to study specific positions. In Phase II the study is conducted and if the department believes a change in classification is warranted and supported they can submit a written report summarizing the findings to CEO/HR. In Phase III the study is reviewed by CEO/HR and decisions made to support the request. If supported by the CEO/HR the reclassification request is submitted to the Board for their review and approval. Because the County's managers have recently unionized, the union's requirement to meet and confer on reclassification issues was not addressed in this review. Each phase is discussed in more detail below. The responsibilities for conducting the activities in each phase are shared in various ways by CEO/HR and the Departments/Agencies. Our review was primarily of those activities conducted by CEO/HR staff. However, we also gained considerable information about the activities conducted by the Departments/Agencies. Therefore, our observations and recommendations cover both. The Reclassification Process for Management Positions as discussed below is also graphically detailed on the "process flowchart" which is attached hereto as Appendix B.

Phase I - Request to Initiate a Study

There are two primary ways to initiate a reclassification study. The Department/Agency can identify the need for a study in the Workforce Plan submitted with the annual Business Plan. According to the instructions for the Workforce Plans (document title: "Attachment C, 2003 Business Plan Instructions, Workforce Planning"), this is the method preferred by the CEO. The Workforce Plan Instructions include general guidelines about what kinds of studies should be requested (i.e., studies can be requested "... where there is significant justification that they are essential to the implementation of the workforce strategies..."). The Department/Agency can also request permission to study positions any time during the year when special circumstances make it appropriate to do so. These ad hoc requests are usually made by a Department/Agency in writing to the Human Resources Director, but may on occasion be verbal.

Requests submitted with the Workforce Plan are routed to CEO/HR, are each reviewed by CEO/HR staff, and then discussed in a meeting between CEO/HR staff and Department/Agency HR staff. As a result of CEO/HR's review of the Workforce Plan documents and following these meetings, decisions are made by CEO/HR staff about the appropriateness of conducting a reclassification study. CEO/Budget staff is consulted to determine if the needed resources are available. If everything is satisfactory, the study is added to a Master List that is created by CEO/HR, and the Department/Agency is notified to proceed with the study. If a study is not approved the Department/Agency is also notified of that decision. According to CEO/HR staff, Phase I usually occurs in the first three months of the calendar year, and an attempt is made to notify Departments/Agencies of the resulting decisions in the March/April time frame.

CEO/HR staff reviews requests for ad hoc studies as they are submitted. The review will usually include the decisions to approve or deny permission to conduct ad hoc studies and this information is usually communicated verbally by CEO/HR staff to the Department/Agency.



Detailed Report

Phase II – Study Conducted

Except for large-scale occupational studies, (i.e., Information Technology, Office Services, etc.), the activities of this phase are carried out by the HR staff in the Departments/Agencies. CEO/HR staff usually takes the lead role on the large-scale studies. We did not review the process for these large-scale studies because they usually do not include management positions. The methodology for Phase II varies depending on the nature of the positions being studied and the expertise of the staff conducting the study, and is sometimes completed by an outside consultant. In either case, the process usually includes some combination of the following activities: review of historical files, review of class specifications and allocation guidelines, interviews with job experts including incumbents and supervisors, surveys of organizations with similar positions, review of the organizational placement of the position, and consultation with the employee organization. The product of all these activities is a written report that summarizes the findings and makes a recommendation. This summary can be as short as one page or can be very extensive depending on the scope and complexity of the study.

Phase III – Review and Decision Making

The summary prepared in Phase II is submitted to CEO/HR for review and approval. After the assigned CEO/HR staff receives the study, it is reviewed. If additional information is needed the Department/Agency is so informed. When all the needed information is presented, the study is given a final review including a review by the CEO/HR Manager in charge of the reclassification process. CEO/Budget staff is usually consulted at this time. Depending on the issues involved, the study may be discussed with the Chief of Employee Relations and/or the Director of Human Resources. When CEO/HR reaches a decision, the Department/Agency is notified. This notification is usually verbal and includes a general summary of the reasons for approval or rejection, suggestions for modification or change, and instructions for implementation. Most approved studies are implemented as part of the next quarterly budget update presented to the Board of Supervisors for their approval. Small, routine studies can be implemented by the Department/Agency without Board approval.



Detailed Report

Observations & Recommendations

1. Standards

We examined the standards and guidelines used in making reclassification decisions to determine if the standards are clearly articulated, defined and objective. We evaluated how well the standards are communicated to the process users and whether they are applied consistently across the user groups.

A. Observations

We were unable to identify any stated, objective standards or criteria for the making of reclassification decisions. There are no published standards or instructions for initiating a reclassification request other than those contained in Attachment C to the 2002 and 2003 Business Plan Instructions. These, however, cannot be construed as standards, as they merely instruct the user to include classification study requests in the Department/Agency Business Plan, and indicates that Position Allocation Studies will only be undertaken when “the duties of a particular position have permanently changed and a current class exists that describes the required duties.”

Shared responsibilities between CEO/HR and Departments/Agencies for purposes of reclassification require clearly defined roles and well articulated standards, as well as teamwork, cooperation and a thorough understanding of each others needs and goals. Here, despite the shared responsibilities, the County’s reclassification process has no articulated standards or guidelines. This may, in part, be a result of the decentralized nature of the County’s Human Resources function.

A primary intended purpose of a class specification is to describe the differences between jobs and to help guide allocation decisions. The class specification for the largest group of management positions (Staff Analyst/Administrative Manager Series) provides no guidance about how to distinguish between the various levels of the series. (See Appendix C) Largely as a result of this lack of distinguishing factors, there is little understanding or acceptance of many allocation decisions and frustration among many users of the process.

B. Discussion

In conducting classification studies, Departments/Agencies are left to their own devices. There are no published guidelines as to how to conduct a study, nor what the study should contain to be successful in gaining approval. Departments/Agencies reported almost universal confusion and a lack of communication regarding the reasons for denial of a reclassification request. A common reason given was “data does not support the request,” which is vague and unhelpful in terms of understanding the standards which might have been applied by CEO/HR in making the reclassification decision.



Detailed Report

Recommendation No 1A:

We recommend CEO/HR initiate a joint effort in developing standards. Given the survey assessment of the existing relationship between CEO/HR and the Department/Agency HR staff, we recommend the retention of outside experts to facilitate the development of standards, and the formation of an advisory committee to provide input into the development of these standards. The committee should include representatives from CEO/HR's classification staff and key representative Department/Agency HR personnel, and the project should be managed by outside facilitators who can provide technical and project management expertise. Many of the more detailed recommendations described below could best be implemented through this kind of joint effort. Given the strategic importance of this process to the annual business planning process, we recommend this project be completed no later than the commencement of the business planning cycle for 2004.

CEO Management Response:

Adopted in part with implementation to occur during the current fiscal year. CEO/HR will bring in a consultant who is well versed in contemporary classification concepts and methods. The consultant will work with a small committee of seasoned HR managers and CEO/HR staff to identify methods for improving the processes related to classification. In addition, the consultant will assist this group in identifying strategies to more effectively communicate the elements that are considered in evaluating a management position for reallocation and design and provide related training as required.

Recommendation No. 1B:

We recommend that standards be developed for each of the three phases of the reclassification process:

1) Phase I: Standards for obtaining approval to conduct the study

Currently, studies are required to be requested strictly for sound business reasons and the recurring costs of such studies planned and budgeted for during the business and budget planning cycles. In addition, Departments/Agencies are expected to ensure that expectations regarding the potential outcome of a study are well managed and communication with labor organizations coordinated with CEO/HR. Specific criteria should be developed for determining which positions will be approved for study. The current limited criteria contained in Workforce Planning instructions are vague and subjective, not easily followed or understood by users, and subject to abuse in that application appears arbitrary. Alternatively, consideration should be given to allowing Departments/Agencies to determine unilaterally which positions will be studied, with CEO/HR available for consultation.

2) Phase II: Standards for conducting the study

In general, classification studies should include an analysis of the knowledge, skills and abilities required to meet the needs of the organization as well as the salary required for the County to maintain internal consistency and be competitive in the market. Standards for conducting the classification study should be developed, including required steps, standard formats, templates, guidelines/checklists, and information required.



Detailed Report

3) Phase III: Standards for approving a reclassification based on the results of the study

It appears that most management positions fall into one of two categories: a) Staff Analyst/Administrative Manager position; and b) Managers with additional technical or programmatic expertise. We recommend using the advisory committee approach described in 1A above, the County first develop allocation standards for the category (a) positions referenced above (Staff Analyst/Administrative Manager), and then develop more specific standards for the category (b) positions using the category (a) standards as a foundation. The pros and cons of a “point/factor” system should also be considered. However, at a minimum, narrative standards should be developed.

CEO Management Response:

Adopted in part with implementation to occur during the current fiscal year. This recommendation appears to be generated from a traditional perspective that management success in management classification work is relegating decisions to a formula or a checklist. This is not the case. Other changing variables can impact the allocation of classes used Countywide, such as management. These include impact on related management classes and other internal relationships, timing, and available resources. With regard to the criteria used to make decisions on what will be studied, we believe that it has been defined in the business plan instructions, in meetings with HR staff and the correspondence that goes back to the departments with the dispositions of their requests. We also believe that these definitions provide the flexibility that departments need to address their issues. Finally, departments also have an obligation to make an effective business case for classification requests. We will, however, review the criteria with the consultant and HR Manager group previously noted and determine what might be done to make them clearer and more easily understood and applied.

Allowing departments to unilaterally study whatever positions they choose is an approach that was in place up until the last two fiscal years. This resulted in a flow of studies with no link to business goals or budgets and frequent attempts to use classification for performance rewards and market adjustments. While the current workforce planning approach needs process and timing improvements, it is a far better approach because it is moving the departments in the direction of using classification more appropriately, setting priorities in terms of budget, and linking reallocation and occupational studies strictly to business objectives.

As is noted elsewhere in this response, improvements to the process are needed and periodic training on the County’s classification process will be provided. To the extent that more forms, steps, templates and checklists add value to the quality of classification work, they will be evaluated and implemented by the beginning of the calendar year to coincide with the business plan reviews by the CEO.

We question the committee approach to management classification decisions. As is noted elsewhere in this response, classification decisions cannot be relegated to a checklist or formula that guarantees the outcome sought or negotiated by a group. No classification or series, including management, exists in a vacuum apart from the rest of the organization. Factors such as timing, impacts on internal relationships, and available resources are variables that will always influence the outcome of Countywide classification decisions. We do agree that the subject can be addressed in training and that better narrative guidance can be provided. These elements will be included in the improvements discussed elsewhere in this response.



Detailed Report

2. Process

We reviewed the level of detail in the management reclassification process procedures, how well the steps were defined, how effectively the process was communicated to the users, and whether the process is applied consistently across the user groups. We also looked at how well the roles and responsibilities of the various parties were defined.

A. Observations

The process for initiating a reclassification request is published in the Workforce Plan instructions, in Attachment C to Business Plan instructions, referenced previously. As previously discussed, these instructions are minimal, but do advise the Departments/Agencies that reclassification requests are to be submitted as part of the annual business plan. There are no published instructions regarding the procedure for submitting “ad hoc” requests.

There are no published instructions for the completion of a classification study once the CEO/HR has given permission to begin a study.

There are no standardized forms, guidelines, suggested formats or templates provided to Departments/Agencies for the submission of reclassification requests or studies. Thus, each Department/Agency generally creates its own. This would seem to increase both preparation time, as well as hinder the ease of review of each request.

B. Discussion

Many Departments/Agencies reported a lack of understanding of the review process, and why the process takes so long.

CEO/HR and the Departments/Agencies share the responsibility and the authority to make the classification and pay system for the County function effectively. However, the responsibilities are not well aligned with the authority. A basic management principal is that the responsibility for an activity must be accompanied with the authority needed to effectively complete those actions. Departments/Agencies have the primary responsibility to identify positions that need to be studied and then to conduct those studies. The Departments/Agencies have no authority to approve management classification changes. (They have very limited authority to approve changes for certain select non-management classes.) CEO/HR has the complete authority for approving classification actions proposed by the Departments/Agencies, subject to Board of Supervisors action in some cases. CEO/HR has responsibility for identifying positions or classes needing study. This shared responsibility has created some confusion and misunderstanding about roles. Consequently, neither group is sure what to expect of the other and a somewhat adversarial relationship has developed in some cases. Both groups have concerns about the objectivity and motivation of the other.

Recommendation No. 2:

We recommend CEO/HR identify barriers and develop streamlined processes to expedite handling of reclassification study requests and the review and approval process, and establish roles responsibilities, and authorities for the process. Processes to be addressed include preparing ad hoc requests, performing classification studies, and the development of standardized forms for use by Departments/Agencies for the submission of reclassification requests and studies.



Detailed Report

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. Working with a small group of seasoned HR managers, we will develop and define processes and more effectively communicate them to the HR managers and Department Heads. We will also explore and implement standardized forms where they are necessary and add value to the program.

3. Tracking and Documentation

We reviewed the ways CEO/HR kept track of the reclassification work in progress, as well as documentation of the decisions and reasons for approval or denial of reclassification requests.

A. Observations

CEO/HR maintains no formal tracking system for reclassification requests. Workforce Plans are submitted as part of the business planning process, but are not logged or otherwise listed as received by CEO/HR. The Workforce Plans for each Department/Agency are circulated among the CEO/HR team responsible for reviewing reclassification requests. Again, the workforce plans are not logged or tracked as they are circulated among CEO/HR personnel.

Other than documentation relating to large occupational studies, which were not reviewed as a part of this project, it appears that there is little or no documentation made by CEO/HR of their review of either requests to conduct a classification study or of the study results. The exemplar files provided to us by CEO/HR contained no notations, memos or other documentation of CEO/HR's review or thought process of either classification requests or studies, and thus, in reviewing a given file it is impossible to understand (1) the timing involved in the receipt, review, and decision making with respect to that request; or (2) the thought process, standards or criteria applied by CEO/HR in making the decision. Likewise, if additional information was requested by CEO/HR, or the classification request was rejected, there is no audit trail or documentation of these events.

The only tracking mechanism that exists for current reclassification studies is the limited tracking of the entry of classification study requests on a "Master List." This "Master List" is created annually by CEO/HR after its team reviews and makes decisions regarding all of the classification study requests contained in the Workforce Plans submitted. If a request to proceed with a study is granted, the only documentation of this event is an entry on the "Master List", generally an entry which states "OK to Study". If a request for approval of a study is denied, the only documentation is a notation on the "Master List" indicating one of several things: "No action," or "Included in [another study]," or "Prioritize as needed in 2003-2004," all of which serve as a denial of the request. The Master List we reviewed was undated, and the individual entries were likewise undated, thus making it impossible to tell when any of these actions or decisions took place.

CEO/HR maintains a database index of prior classification and salary studies called the Classification/Salary Study History File. It contains basic information on reclassification requests (Department/Agency, new/previous title descriptions, incumbents, position numbers, H/R Analyst) and contains a file number reference to the reclassification file maintained in CEO/HR. We noted the Classification/Salary Study History File has comment sections for each study that can be used to document approval/denial of the decision and any other additional comments



Detailed Report

regarding the decisions made. Based on our limited review of the Classification/Salary Study History File, we noted the comment sections were not being utilized.

B. Discussion

There is little formal communication, and almost no written communication, from CEO/HR to the Departments/Agencies regarding (1) the status of study requests; or (2) the status of classification studies submitted by the Departments/Agencies to CEO/HR for approval. With respect to study requests, during a 3 to 6 month period each year CEO/HR reviews the requests submitted, meets with each Department/Agency to discuss the request, and then creates the “Master List” discussed above. The Master List for each Department/Agency is then sent to the Department/Agency with a cover memo. (See comments below regarding the timeliness of this activity. Please also note that as of the date of our interviews with CEO/HR staff, no Master List had yet been created for the requests submitted in January of this year, approximately 6 months ago, and thus Departments/Agencies have received no written communication as yet of the status of this year’s requests).

There appears to be no formal mechanism for communicating the status of classification studies completed and submitted by the Departments/Agencies to CEO/HR for review. CEO/HR indicated that it notifies the department when the review is completed and the reclassification request is granted or denied. Most Departments/Agencies indicated that they usually hear nothing about the status of their requests unless they initiate the contact. Likewise, many Departments/Agencies reported that calls and emails inquiring about the status of requests often go unanswered, or the response is “we are looking into it.”

The files provided by CEO/HR for our review contained only minimal documentation: generally a one or two page memo summarizing the study results, and a Position Action Notice documenting the change of classification. Some files contained nothing more than the Position Action Notice, thus making it impossible to conduct any historical review of the underlying rationale for the reclassification, and likewise making it impossible for a department with a similar request to gain from the prior experience of another.

Likewise, the HR Data Warehouse was established several years ago to provide easy access to the basic information about positions in all Departments/Agencies. The Data Warehouse is one of the tools used by analysts conducting classification studies. It helps them identify similar positions in other Departments/Agencies. However, positions in the CEO (including CEO/HR), the Board of Supervisors Offices, and those employees classified as “confidential” employees are positions in County government not listed in the Data Warehouse. Therefore data on key management positions are not available for comparison. Of even more concern is the doubt and mistrust that can grow because data on CEO positions are restricted. Public sector managers in California are well accustomed to having their salary and related information be available to the public. Local media regularly publishes lists of top managers and their salaries.

Many Departments/Agencies reported that they were required to submit multiple requests, when upon inquiring as to the status of their request they were advised that the file was lost or no file had been received by CEO/HR. Some departments reported that this had occurred even when they had hand delivered the documents directly to the CEO/HR office.



Detailed Report

Recommendation No. 3A:

We recommend CEO/HR implement effective tracking mechanisms. This should entail logging each study request and identifying current status and future steps. Consider web-based technology to provide easy access to all users.

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. Dedicated office support hours are being assigned to the classification program. Among the first assignments will be to establish a logging system to include key information on studies that are received by CEO/HR. In addition, a routine mechanism for communicating study status to Departmental HR staff will be established.

Recommendation No. 3B:

We recommend CEO/HR implement an effective documentation and communication system, including publishing the standards created, incorporating the published standards into the tracking mechanism, and using the stated standards in a checklist format to document all reclassification activity.

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. We agree that process and communication standards should be established for CEO/HR, as well as the departments. As indicated elsewhere in this response, we will develop basic processing and communication standards and incorporate them into our tracking systems.

Recommendation No. 3C:

We recommend CEO/HR identify critical file components, standardize file contents and improve the record retention system for reclassification files. CEO/HR staff has indicated a desire to improve in this area.

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. The files are an area where we are aware that improvements are needed. Initially, the file structure needs to be redesigned to reflect the workforce planning process that is in its second year. CEO/HR will redesign the file structure and identify the essential components to be contained in all files. With the addition of dedicated office support hours to the classification function, we anticipate that files will be well-maintained, up-to-date and contain the essential elements of a study including, but not limited to, linkage to a workforce plan, analysis and recommendations, key activities and correspondence, and related documents such as ASR's, new specifications and/or quarterly budget references. CEO/HR will also work with Department HR managers to identify and communicate file content, standards and processes to be followed by departments in maintaining their own internal classification files.

Recommendation No. 3D:

We recommend CEO/HR utilize its Classification/Salary Study History File to document the basis for decisions made in reclassification studies. We also recommend the CEO consider changing the policy on accessibility of CEO/HR Warehouse data.



Detailed Report

CEO Management Response:

Adopted in part with implementation to occur during the current fiscal year. With the addition of dedicated office support hours to classification activities, including file maintenance, we anticipate that the historical files will be more complete and up to date. It is anticipated, however, that this will need to occur in stages and as resources permit.

The Assistant CEO/Human Resources will evaluate Data Warehouse access based on Agency/Department use and need.

4. Timelines

We examined the time taken to complete activities in the reclassification process to determine if timelines are predictable, reasonable and appropriate given the needs of the parties and the complexity of the issues. We reviewed documentation to determine if participants are held accountable for meeting timelines.

A. Observations

There are no deadlines or timelines imposed on CEO/HR with respect to any of the activities relating to reclassification requests. The timing of this process is entirely self-regulated, and undertaken at the discretion of CEO/HR.

According to CEO/HR, it takes them approximately 3 to 6 months to review the Workforce Plan requests to conduct classification studies. This appears to be excessive and can have a serious impact on a Department/Agency's strategic Plan. As noted above, as of the date of our interviews with CEO/HR, the review process for requests submitted in January of this year had not yet been completed, no Master List had yet been created, and Departments/Agencies have received no written communication as yet of the status of this year's requests. In several months, the Departments/Agencies will commence their Workforce Planning for next year, and have not yet been advised of the status of last years' requests. The perception among some Departments/Agencies is that this is yet another "stall" tactic designed to discourage reclassification requests.

CEO/HR staff indicated they focus on the quality of the reclassification study and as a result timelines may not be met. They do not consider it their responsibility to monitor or track the progress of classification studies undertaken by Departments/Agencies, thus once a study is entered on the "Master List" as "OK to Study" it is not tracked further by CEO/HR.

Almost all Departments/Agencies expressed frustration at the length of time the study review often takes. While we saw examples where the review and approval took less than two weeks, we saw many cases where the review period took several months. Likewise, several Departments/Agencies indicated that after inordinate delays, instead of an approval, they received requests for additional information or were told to re-submit their request as the file was apparently lost. Further, there appears to be a significant difference in the perception of turnaround time. CEO/HR indicates that studies are reviewed and approved/denied within 1-2 days to 3 weeks. Departments/Agencies reported that it usually takes several months to receive a response, if not longer. This discrepancy is impossible to reconcile given the lack of tracking,



Detailed Report

notations, dates or other documentation in CEO/HR's files that might reflect actual turnaround time.

B. Discussion

CEO/HR dictates that it manage or have significant involvement in large occupational studies. At least two problems have resulted from this involvement: 1) Many requests for studies are declined for the reasons relating to a lack of time or resources on the part of CEO/HR to be involved in the project; 2) Some occupational studies have taken inordinate amounts of time to complete. For example the IT and Office Services studies has taken several years and are not yet completed. CEO/HR indicated that these large studies have been purposely delayed because of changes in the Board of Supervisors' strategies. While there may be strategic reasons for not completing these studies, these reasons have not been communicated to the Departments/Agencies.

Recommendation No. 4:

We recommend CEO/HR establish minimum expectations as to turnaround time for requests and studies; if deadlines cannot be met, timely written feedback must be provided. Deadlines for review and approval of study requests should be concurrent with the business plan approval process. Turnaround time for review of studies and approval of reclassification requests may vary depending on the nature of the study but should be determined and communicated at the time the study is submitted. With respect to large occupational studies, key steps and timelines should be determined at the outset of the project and CEO/HR should be held accountable for completion of the study according to the project plan. The overall performance of CEO/HR staff should be measured in terms of compliance with all timelines.

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. Dedicated office support hours which will be directed to tracking and logging of studies, maintaining an activity log, and communicating estimated review times to those submitting studies verbally and/or in writing, as appropriate, will be established. These improvements will be communicated to HR staff prior to implementation.

Milestones are established for occupational studies. However, the process for participants involves changing perspectives of both labor and management on major concepts of work organization, employee competencies and development, and other critical HR functions. In addition, fluctuating factors such as timing and available resources have significant influences on timeframes.

The overall performance of CEO/HR is measured with regard to meeting objectives and business goals of the CEO's office. While service issues, such as timeliness, are always important; the time for completing a classification review is not nearly as important as the quality of the review and the long-term impact of the classification decisions.

5. Responsiveness

We examined how responsive CEO/HR is to the needs of its customers, how helpful and accessible CEO/HR staff is in addressing questions regarding the process, and how responsive is the current process in fulfilling business goals and objectives of the Departments/Agencies.



Detailed Report

A. Observations

CEO/HR staff was courteous and polite to us in the course of our review, and expressed a desire to assist the Departments/Agencies with their reclassification issues. However, the lack of any tracking system or training, significant delays in responding to requests, lost files, not responding to phone calls and emails, and the vague and general reasons given for decisions would appear to exhibit a lack of responsiveness on the part of CEO/HR. Departments/Agencies expressed concern about the level of staff and resources committed to the reclassification function.

B. Discussion

A stated mission of CEO/HR is to act as a business partner to the Departments/Agencies. However, this is inconsistent with the perception of many Department/Agency staff. Similarly, the policy that underlies the approval of reclassifications is unclear. There exists a perception that there is a limitation—possibly an artificial one—on the number of classification studies and/or reclassifications that can be granted each year, and that this limitation exists without regard to the strategic needs of the department.

Certain Departments/Agencies expressed satisfaction with the handling of “emergency” reclassification requests caused by changes in State Law or program mandates. Likewise, CEO/HR is considered by some Departments/Agencies as being helpful in assisting the department in achieving a broader view of the HR function, and in viewing certain problems as other than a classification issue.

Recommendation No. 5:

Responsiveness should improve with the process improvements recommended above. Should concerns about CEO/HR’s responsiveness continue following implementation of the process improvement, we recommend that additional work be undertaken to improve CEO/HR’s customer service orientation, including conducting a self assessment, and/or a customer satisfaction survey as well customer service training. CEO/HR currently does not measure customer satisfaction, nor has it conducted a self-assessment. Likewise, all County HR personnel, including CEO/HR might benefit from some forum that allows for the sharing of ideas, information and problem solving across departments and CEO/HR.

CEO Management Responses:

Adopted with implementation to occur during the current fiscal year. We believe that the process improvements to be undertaken will improve responsiveness. Should responsiveness remain an issue after implementation, additional strategies will be considered.

6. Training

We looked at training materials and the completeness and currency of the training.

A. Observations

Training regarding the business planning process is given annually by CEO/HR. Further guidance regarding the workforce-planning component of the business planning process is given during a pre-business planning meeting attended by representatives from each Department/Agency and CEO/HR. No training is currently provided by CEO/HR regarding the reclassification process. CEO/HR views the training needs of the Department/Agency staff as the responsibility of the Department/Agency under the current decentralized HR structure.



Detailed Report

Training has been provided in the past using various materials, including a workbook entitled “Classification/Compensation Training (General)”. These materials are not considered by CEO/HR to be current, and have not been formally distributed in many years. Some veteran staff have been trained in the past using these materials. New staff who are responsible for classification in the Departments/Agencies are not trained by CEO/HR, nor are they given these materials by CEO/HR because they believe the Departments/Agencies are also responsible for ensuring their human resources staff are educated and trained under the current decentralized structure.

B. Discussion

Most of the larger agencies have HR staff who are experienced in conducting classification and pay analysis. In many of the smaller departments, the person assigned to do HR work is an administrative generalist who also has responsibilities for budget, purchasing and other tasks. Few of these people have any training in conducting classification studies and most have very limited experience.

It would appear that the limited Workforce Planning related training that is provided by CEO/HR is not effective in achieving competency in this area. The Departments/Agencies indicate an almost universal lack of understanding of the reclassification standards and process, and a desire for further training in this area.

Recommendation No. 6A:

We recommend CEO/HR develop formal, standardized training based on the standards and process improvements discussed above. Training materials should be developed in a format that can be used as a reference guide.

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. CEO/HR will develop standards and process training that incorporates the fundamentals of classification, workforce planning and the process changes that have been made based on the recommendations of this report. The training materials will be organized to facilitate the classroom training and be useful as a reference guide for Department HR staff.

Recommendation No. 6B:

We recommend CEO/HR in conjunction with Department/Agency HR Managers determine appropriate method for delivering and tracking training of all existing staff and new hires responsible for the reclassification process. The training team could include current seasoned HR classification professionals, including Department/Agency and CEO/HR staff.

CEO Management Response:

Adopted with implementation to occur during the current fiscal year. While CEO/HR has in the past provided training to Departmental HR staff regarding how the classification and workforce planning process is implemented in the County, refresher training will be developed and provided as discussed elsewhere in this response. However, it should be noted that because of HR’s decentralized structure, unless specifically asked by a Department Head (which occurs infrequently), CEO/HR is not involved in assessing the background, qualifications, or suitability of staff assigned by Departments to classification or any other HR work. In addition, CEO/HR



Detailed Report

has no oversight authority of departmental HR staffs, and departmental staffs have no accountability to the corporate program for the quality of their work product or its consistency with County policy. Therefore, it should be emphasized that in our decentralized structure, Department Heads and HR Managers retain a fundamental responsibility for hiring HR professionals who have core experience in classification, compensation principals and process and ensure that succession training is occurring within the Departments. The HR team managers should also make certain that new staff receives the internal and external training that is necessary for effectiveness in their assignments.

We agree that training would be enhanced by having seasoned HR professionals from corporate and the teams included in developing and providing training for departmental HR. We will develop such a team and classification training and resources.

Recommendation No. 6C:

We recommend CEO/HR in conjunction with Department/Agency HR Managers consider developing training for line managers regarding the philosophy that underlies pay and classification decisions. If appropriate, this could be bundled with basic supervisory training on related topics such as compliance with wage and hour law and similar topics.

CEO Management Response:

Adopted in part with implementation during current fiscal year. CEO/HR should take the lead in effectively articulating the County's classification and compensation philosophy. However, CEO/HR's target audience should be HR managers, as well as Department Heads, who in turn would have the obligation to ensure that this philosophy is understood and reinforced among managers within their organizations. They are also responsible for ensuring that classification and compensation solutions requested from CEO/HR are consistent with that philosophy. We will develop and implement a plan to review the County's classification and compensation philosophy with each of those groups.

7. Performance Measures

We looked for process measures such as how many studies are completed and how long they take to judge the effectiveness of the process.

Observations

There appear to be no stated performance or outcome measures for the reclassification process.

The lack of performance and outcome measures needs to be addressed for at least two reasons:

1. It is impossible to assess the effectiveness of the reclassification process or the CEO/HR or Department/Agency HR resources dedicated to the process; and
2. CEO/HR is charged with promoting enlightened leadership and the performance improvement processes embedded in the County's PIP and MPP programs. At the very heart of these programs are concepts of accountability and measurement. CEO/HR should incorporate and role model these measurement concepts with respect to the reclassification process.



Detailed Report

Recommendation No. 7

We recommend CEO/HR in conjunction with Department/Agency HR Managers institute performance measurements for all measurable classification process events. These could include: compliance with turnaround time commitments; assuring training of all appropriate personnel; numbers of requests processed; numbers of positions studied; customer satisfaction; and compliance with tracking requirements.

CEO Management Response:

Adopt in part. We will develop process measures to determine if items such as turnaround time and communication have improved. However, it should be noted that process measurements are very limited in scope and value as they only measure how quickly matters are “processed.” They do nothing to help measure critical qualitative outcomes. In fact, inaccurate and narrow studies that do not move the organization forward and offer no creative, contemporary HR solutions aligned with the County’s vision of efficiency, accountability and results could be implemented and processed in complete compliance with these types of measures. It is far more difficult to identify and measure outcomes such as compelling a new vision of an occupation that allows access to a market that was previously unavailable because classes narrowly defined talent as those with County experience.



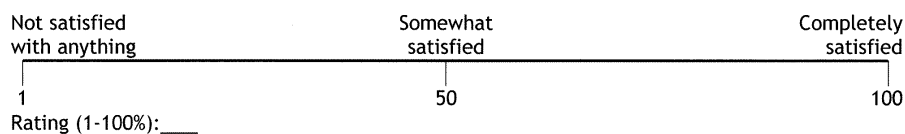
QUESTIONNAIRE
CEO/HR Reclassification Process for Management Positions

The County of Orange Internal Audit Department is conducting an audit of the CEO/HR Reclassification Process for Management Positions. The objective of this questionnaire is to obtain feedback regarding the CEO/HR Reclassification Process for Management Positions (current process). Please provide one response submission from each department/agency. Please coordinate with your HR manager to ensure there is consensus on the response. The responses will be consolidated into an average and the individual comments will not be revealed. We appreciate your participation.

INSTRUCTIONS: Please **tab** to each field and complete the following questionnaire in as much detail as possible and include written comments you feel helpful to us. For rating questions, please indicate percentage based upon the measurement bar.
RETURNING INSTRUCTION: When the form is complete, please print a copy for your records and then select from the tool bar - File>send to>mail recipient (as attachment): Renee Aragon (renee.aragon@ocgov.com) or Fax transmittal (834-2880) by Friday, June 6th, 2003.

Department/Agency: _____

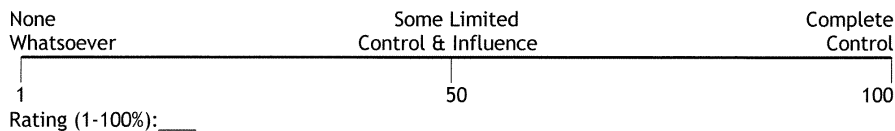
1. How satisfied are you with the current process?



1a. Please identify what aspect of the current process you feel works well and should be retained.

1b. Please identify what aspect of the current process you feel is so deficient that it must be immediately replaced.

2. How much influence and control do you feel you have over your reclassification requests in the current process?



QUESTIONNAIRE
CEO/HR Reclassification Process for Management Positions

3. How responsive is the current process in fulfilling your business goals and objectives.

| | | |
|------------------------------|------------------------|-----------------------|
| Completely Non-Responsive | Somewhat Responsive | Totally Responsive |
| 1 | 50 | 100 |
| Rating (1-100%): ____ | | |

3a. What improvements do you suggest would make the current process more responsive in fulfilling your business goals and objectives.

4. Do you feel the process provides timely feedback?

| | | |
|-----------------------|--------------------|-------------------|
| Not Timely | Somewhat Timely | Totally Timely |
| 1 | 50 | 100 |
| Rating (1-100%): ____ | | |

4a. What would you suggest to make the process more timely.

5. Do you understand why management reclassifications are approved or denied?

| | | |
|-----------------------|------------------------|--------------------------|
| Do Not Understand | Somewhat Understand | Completely Understand |
| 1 | 50 | 100 |
| Rating (1-100%): ____ | | |

5a. Please identify what would help you in understanding the management reclassification process.

QUESTIONNAIRE
CEO/HR Reclassification Process for Management Positions

6. Do you view the current process as Fair, Unbiased, and Equitable?

| | | |
|---|--|--|
| Not At All Fair Unbiased & Equitable | Somewhat Fair, Unbiased & Equitable | Completely Fair, Unbiased & Equitable |
| 1 | 50 | 100 |
| Rating (1-100%): ____ | | |

6a. What would you suggest to help make the current process more fair, unbiased and equitable.

7. Do you find the current process well structured, documented and easy to implement.

| | | |
|--|---|--|
| Not Structured/ Documented Difficult to Implement | Somewhat Structured/documented A problem to Implement | Completely Structured/ Documented Easy to implement |
| 1 | 50 | 100 |
| Rating (1-100%): ____ | | |

7a. What would you suggest to improve the current process with regard to its structure, documentation and implementation?

8. How helpful and accessible are CEO/HR resources in addressing your questions regarding the current process?

| | | |
|---|---------------------------------------|---|
| Not At All Helpful and Accessible | Somewhat Helpful and Accessible | Completely Helpful and Accessible |
| 1 | 50 | 100 |
| Rating (1-100%): ____ | | |

QUESTIONNAIRE
CEO/HR Reclassification Process for Management Positions

8a. What would you suggest to improve accessibility and helpfulness by
CEO/HR in the current process?

| |
|--|
| |
|--|

9. Additional Comments

| |
|--|
| |
|--|

If you have questions or would like to meet regarding this survey, please contact Eli Littner,
Deputy Director, Internal Audit at (714) 834-5899.

APPENDIX B: Flow Chart

(See Separate Document)

APPENDIX C: Job Class Specifications

Audit No. 2344
September 12, 2003
Appendix C

County of Orange
Administrative Revision: 3-18-02
Previous Revision: 9-14-93
Series Established: 12-05-86

STAFF ANALYST/ADMINISTRATIVE MANAGER SERIES

| Title Code | Title | Salary Range |
|-------------------|-------------------------------|---------------------|
| 8001ST | Staff Analyst I | AML |
| 8003ST | Staff Analyst II | CML |
| 8004ST | Staff Analyst III | DML |
| 8005MA | Senior Staff Analyst | EML |
| 8006MA | Administrative Manager I | FML |
| 8007MA | Administrative Manager II | GML |
| 8008MA | Senior Administrative Manager | HML |
| 8010E3 | Executive Manager | MLE |

LEVELS

Positions in this series include entry/training, working and advanced working levels, and management/supervisory levels of varying degrees of responsibility. The salary level of any position in this series is determined by evaluation of internal management comparisons and the market value necessary to attract qualified candidates.

SCOPE

Positions in this series have analytical, administrative and/or management duties and responsibilities in various administrative staff functions including but not limited to the following which are described briefly at their journey level:

Budget/Financial Analysis

Annual budget preparation; budgetary monitoring and control; revenue and expenditure forecasting and research.

Program/Organizational Analysis

Analysis and evaluation of unit/agency/department objectives, programs, organizational structures, operations and control systems; County-wide coordination of major programs.

Project Management (Limited Duration)

Plan and direct activities of a multi-faceted County-wide project of limited duration; evaluate progress and resolve difficulties including those crossing departmental lines; provide project leadership and advice to high level steering committees; provide technical direction and expertise related to project area. Manage project staff including vendor, subcontractor and County personnel.

Audit No. 2344
September 12, 2003
Appendix C

Legislative Analysis and Development

Evaluate effect of current and pending legislation on unit/agency/department programs and operations; develop response and legislative proposals; liaison with State and federal officials.

Personnel Administration

Position classification and salary analysis; selection procedures development and administration; administration of employee discipline and grievance procedures; negotiation of salaries and terms of employment; employee development and benefits administration.

Space Management/Fixed Asset Control

Evaluate operational needs for building space, building modification, equipment and communication systems; analysis of current staff, equipment and space use, coordinate installation and/or modification of facilities, systems and equipment

Contract Administration

Research contract service and supply needs; develop and negotiate contract terms; monitor contract compliance; mediate user-provider complaints.

MINIMUM QUALIFICATIONS

For AML, one year; for DML, three years; for EML, four years of experience, such as described under Scope above. College-level education or training directly related to such work may be substituted for up to one year of required experience at the rate of three semester units equaling one month of experience and one hour of training equaling one hour of experience.

For FML and above: 1) the experience/education/training required for EML, plus 2) specific experience/education/training required for the specific assignment as described in the job announcement.

For any Management Level, college-level education and training beyond the bachelor degree which is directly related, the position may be substituted for up to an additional year of required experience or otherwise considered as specified in such announcements.

For some assignments, a valid California Driver License, Class C or higher, may be required by date of appointment.



County of Orange

MEMO

Date: September 11, 2003

To: Peter Hughes, Director, Internal Audit

From: James D. Ruth, Interim County Executive Officer
Jan Walden, Assistant CEO/Office of Human Resources

Subject: **Response to Internal Audit Report No. 2344 CEO/HR Reclassification Process for Management Positions Recommendations**

The following are general comments that preface our responses to the specific audit recommendations.

- The definition that was used by the consultant for classification is traditional and process-focused. We agree that we should improve in areas of process, such as tracking, file maintenance and communication, and have described our intent to address these issues in our responses to the recommendations. We also believe that a contemporary classification program should accomplish a great deal more than the creation of definitions and salaries for narrowly defined sets of duties. Modern organizations, including progressive government organizations, must have flexible, relevant human resources tools to attract, retain, develop and manage the modern workforce in a highly complex, rapidly changing, technology-driven world. Rigid, narrowly defined jobs and compensation strategies that were designed for post-war America do not serve today's public organizations and will not continue to keep the County competitive in the job market.
- The report appears to reflect the perception that if a department requests a reclassification action, it should be implemented. The Board has established class specifications, positions and salary range allocations for County classes. Only where there is a clear business necessity and the resources to support changes will the HR Director recommend changes to the Board or authorize changes pursuant to the delegated authorities described in the Personnel and Salary Resolution.
- The narrowness of the audit scope and the "limited review" methodology, as applied in this audit and articulated in discussions with IA staff, create a misleading view of the classification program, i.e., it leaves the impression that process is and should be the focus of the program.

Memo to Peter Hughes
September 8, 2003
Page 2 of 9

- Providing allocation formulas and checklists to Department Heads and HR Managers to ensure upgrades of management positions in a decentralized environment where Departmental HR staff have no accountability to Corporate HR may be inconsistent with a Merit Based classification program such as the County's.

Recommendation No. IA

We recommend that CEO/HR initiate a joint effort in developing standards. Given the survey assessment of the existing relationship between CEO/HR and the Department/ Agency HR staff, we recommend retention of outside experts to facilitate the development of standards and the formation of an advisory committee to provide input into the development of these standards. The committee should include representatives from CEO/HR's classification staff and key representative Department/Agency HR personnel, and the project should be managed by outside facilitators who can provide technical and project management expertise. Many of the more detailed recommendations described below could best be implemented through this kind of joint effort. Given the strategic importance of this process to the annual business planning process, we recommend that this project be completed no later than the business planning cycle for 2004.

CEO Management Response

Adopted in part with implementation to occur during the current fiscal year. CEO/HR will bring in a consultant who is well versed in contemporary classification concepts and methods. The consultant will work with a small committee of seasoned HR managers and CEO/HR staff to identify methods for improving the processes related to classification. In addition, the consultant will assist this group in identifying strategies to more effectively communicate the elements that are considered in evaluating a management position for reallocation and design and provide related training as required.

Recommendation No. IB

We recommend that standards be developed for each of the three phases of the reclassification process:

1) **Phase I: Standards for obtaining approval to conduct the study**

Specific criteria should be developed for determining which positions will be approved for study. The currently limited criteria contained in the Workforce Planning instructions are vague and subjective, not easily followed or understood by users, and subject to abuse in that the application appears arbitrary. Alternatively, consideration should be given to allowing Agencies/Departments to determine unilaterally which positions will be studied with CEO/HR available for consultation.

Memo to Peter Hughes
September 8, 2003
Page 3 of 9

2) **Phase II Standards for conducting the study**

Standards for conducting the classification study should be developed, including required steps, standard formats, templates, guidelines/checklists, and information required.

3) **Phase III: Standards for approving a reclassification based on the results of the study.**

It appears that most management positions fall into one of two categories: (a) Staff Analyst/Administrative Manager positions and (b) Managers with additional technical or programmatic expertise. We recommend using the committee approach described above. The County would first develop allocation standards for the category (a) positions referenced above ("Staff Analyst/Administrative Manager") and then develop more specific standards for the category (b) positions using the category (a) standards as a foundation. The pros and cons of the "point/factor" system should also be considered. However, at a minimum, detailed narrative standards should be developed.

CEO Management Response

Adopted in part with implementation to occur during the current fiscal year. This recommendation appears to be generated from a traditional perspective that management success in management classification work is relegating decisions to a formula or a checklist. This is not the case. Other changing variables can impact the allocation of classes used Countywide, such as management. These include impact on related management classes and other internal relationships, timing, and available resources. With regard to the criteria used to make decisions on what will be studied, we believe that it has been defined in the business plan instructions, in meetings with HR staff and the correspondence that goes back to the departments with the dispositions of their requests. We also believe that these definitions provide the flexibility that departments need to address their issues. Finally, departments also have an obligation to make an effective business case for classification requests. We will, however, review the criteria with the consultant and HR Manager group previously noted and determine what might be done to make them clearer and more easily understood and applied.

Allowing departments to unilaterally study whatever positions they choose is an approach that was in place up until the last two fiscal years. This resulted in a flow of studies with no link to business goals or budgets and frequent attempts to use classification for performance rewards and market adjustments. While the current workforce planning approach needs process and timing improvements, it is a far better approach because it is moving the departments in the direction of using classification more appropriately, setting priorities in terms of budget, and linking reallocation and occupational studies strictly to business objectives.

Memo to Peter Hughes
September 8, 2003
Page 4 of 9

As is noted elsewhere in this response, improvements to the process are needed and periodic training on the County's classification process will be provided. To the extent that more forms, steps, templates and checklists add value to the quality of classification work, they will be evaluated and implemented by the beginning of the calendar year to coincide with the business plan reviews by the CEO.

We question the committee approach to management classification decisions. As is noted elsewhere in this response, classification decisions cannot be relegated to a checklist or formula that guarantees the outcome sought or negotiated by a group. No classification or series, including management, exists in a vacuum apart from the rest of the organization. Factors such as timing, impacts on internal relationships, and available resources are variables that will always influence the outcome of Countywide classification decisions. We do agree that the subject can be addressed in training and that better narrative guidance can be provided. These elements will be included in the improvements discussed elsewhere in this response.

Recommendation No. 2

We recommend CEO/HR identify barriers and develop streamlined processes to expedite handling of reclassification study requests and the review and approval process, and establish roles, responsibilities and authorities for the process. Processes to be addressed include preparing ad hoc requests, performing classification studies, and the development of standardized forms for use by Departments/Agencies for the submission of reclassification requests.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. Working with a small group of seasoned HR managers, we will develop and define processes and more effectively communicate them to the HR managers and Department Heads. We will also explore and implement standardized forms where they are necessary and add value to the program.

Recommendation No. 3A

We recommend CEO/HR implement effective tracking mechanisms. This should entail logging each study request and identifying current status and future steps. Consider web-based technology to provide easy access to all users.

Memo to Peter Hughes
September 8, 2003
Page 5 of 9

CEO Management Response

Adopted with implementation to occur during the current fiscal year. Dedicated office support hours are being assigned to the classification program. Among the first assignments will be to establish a logging system to include key information on studies that are received by CEO/HR. In addition, a routine mechanism for communicating study status to Departmental HR staff will be established.

Recommendation No. 3B

We recommend CEO/HR implement an effective documentation and communication system including publishing standards created, incorporating the published standards into the tracking mechanism, and using the stated standards in a checklist format to document all classification activity.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. We agree that process and communication standards should be established for CEO/HR, as well as the departments. As indicated elsewhere in this response, we will develop basic processing and communication standards and incorporate them into our tracking systems.

Recommendation No. 3C

We recommend CEO/HR identify critical file components, standardize file contents and improve the record retention system for reclassification files. CEO/HR indicated a desire to improve in this area.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. The files are an area where we are aware that improvements are needed. Initially, the file structure needs to be redesigned to reflect the workforce planning process that is in its second year. CEO/HR will redesign the file structure and identify the essential components to be contained in all files. With the addition of dedicated office support hours to the classification function, we anticipate that files will be well-maintained, up-to-date and contain the essential elements of a study including, but not limited to, linkage to a workforce plan, analysis and recommendations, key activities and correspondence, and related documents such as ASR's, new specifications and/or quarterly budget references. CEO/HR will also work with Department HR managers to identify and communicate file content, standards and processes to be followed by departments in maintaining their own internal classification files.

Memo to Peter Hughes
September 8, 2003
Page 6 of 9

Recommendation No. 3D

We recommend CEO/HR utilize its Classification/Salary History File to document the basis for decisions made in reclassification studies. We also recommend the CEO consider changing the policy on accessibility to CEO/HR Warehouse data.

CEO Management Response

Adopted in part with implementation to occur during the current fiscal year. With the addition of dedicated office support hours to classification activities, including file maintenance, we anticipate that the historical files will be more complete and up to date. It is anticipated, however, that this will need to occur in stages and as resources permit.

The Assistant CEO/Human Resources will evaluate Data Warehouse access based on Agency/Department use and need.

Recommendation No. 4

We recommend CEO/HR establish minimum expectations as to turnaround time for requests and studies; if deadlines cannot be met, timely written feedback must be provided. Deadlines for review and approval of study requests should be concurrent with the business plan approval process. Turnaround time for review of studies and approval of reclassification requests may vary depending on the nature of the study, but should be determined and communicated at the time the study is submitted. With respect to large occupational studies, key steps and timelines should be determined at the outset of the project, and CEO/HR should be held accountable for completion of the study according to the project plan. The overall performance of CEO/HR staff should be measured in terms of compliance with all timelines.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. Dedicated office support hours which will be directed to tracking and logging of studies, maintaining an activity log, and communicating estimated review times to those submitting studies verbally and/or in writing, as appropriate, will be established. These improvements will be communicated to HR staff prior to implementation.

Milestones are established for occupational studies. However, the process for participants involves changing perspectives of both labor and management on major concepts of work organization, employee competencies and development, and other critical HR functions. In addition, fluctuating factors such as timing and available resources have significant influences on timeframes

Memo to Peter Hughes
September 8, 2003
Page 7 of 9

The overall performance of CEO/HR staff is measured with regard to meeting objectives and business goals of the CEO's office. While service issues, such as timeliness, are always important; the time for completing a classification review is not nearly as important as the quality of the review and the long-term impact of the classification decisions.

Recommendation No. 5

Responsiveness should improve with the process improvements recommended above. Should concerns about CEO/HR's responsiveness continue following implementation of the process improvement, we recommend that additional work be undertaken to improve CEO/HR's customer service orientation, including conducting a self-assessment and/or a customer satisfaction survey, as well as customer service training. CEO/HR does not measure customer satisfaction, nor has it conducted a self-assessment. Likewise, all County HR personnel, including CEO/HR, might benefit from some forum that allows for sharing ideas, information and problem solving across departments and CEO/HR.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. We believe that the process improvements to be undertaken will improve responsiveness. Should responsiveness remain an issue after implementation, additional strategies will be considered.

Recommendation No. 6A

We recommend CEO/HR develop a formal standardized training based on the standards and process improvements discussed above. Training materials should be developed in a format that can be used as a reference guide.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. CEO/HR will develop standards and process training that incorporates the fundamentals of classification, workforce planning and the process changes that have been made based on the recommendations in this report. The training materials will be organized to facilitate the classroom training and be useful as a reference guide for Department HR staff.

Memo to Peter Hughes
September 8, 2003
Page 8 of 9

Recommendation No. 6B

We recommend CEO/HR, in conjunction with Department/Agency HR Managers, determine appropriate methods for delivering and tracking training of all existing staff and new hires responsible for the reclassification process. The training team could include seasoned HR classification professionals including Department/Agency and CEO/HR staff.

CEO Management Response

Adopted with implementation to occur during the current fiscal year. While CEO/HR has in the past provided training to Departmental HR staff regarding how the classification and workforce planning process is implemented in the County, refresher training will be developed and provided as discussed elsewhere in this response. However, it should be noted that because of HR's decentralized structure, unless specifically asked by a Department Head (which occurs infrequently), CEO/HR is not involved in assessing the background, qualifications, or suitability of staff assigned by Departments to classification or any other HR work. In addition, CEO/HR has no oversight authority of departmental HR staffs, and departmental staffs have no accountability to the corporate program for the quality of their work product or its consistency with County policy. Therefore, it should be emphasized that in our decentralized structure, Department Heads and HR Managers retain a fundamental responsibility for hiring HR professionals who have core experience in classification, compensation principals and process and ensuring that succession training is occurring within the Departments. The HR team managers should also make certain that new staff receives the internal and external training that is necessary for effectiveness in their assignments.

We agree that training would be enhanced by having seasoned HR professionals from corporate and the teams included in developing and providing training for departmental HR. We will develop such a team and classification training and resources.

Recommendation No. 6C

We recommend CEO/HR, in conjunction with Department/Agency HR Managers, consider developing training for line managers regarding the philosophy that underlies pay and classification decisions. If appropriate, this could be bundled with basic supervisory training on related topics, such as compliance with wage and hour law and similar topics.

Memo to Peter Hughes
September 8, 2003
Page 9 of 9

CEO Management Response

Adopted in part with implementation during current fiscal year. CEO/HR should take the lead in effectively articulating the County's classification and compensation philosophy. However, CEO/HR's target audience should be HR managers, as well as Department Heads, who in turn would have the obligation to ensure that this philosophy is understood and reinforced among managers within their organizations. They are also responsible for ensuring that classification and compensation solutions requested from CEO/HR are consistent with that philosophy. We will develop and implement a plan to review the County's classification and compensation philosophy with each of those groups.

Recommendation No. 7

We recommend CEO/HR, in conjunction with Department/Agency HR Managers, institute performance measurements for all measurable classification process events. These would include compliance with turnaround time commitments, assuring customer satisfaction, and compliance with tracking requirements.

CEO Management Response

Adopt in part. We will develop process measures to determine if items such as turnaround time and communication have improved. However, it should be noted that process measurements are very limited in scope and value as they only measure how quickly matters are "processed." They do nothing to help measure critical qualitative outcomes. In fact, inaccurate and narrow studies that do not move the organization forward and offer no creative, contemporary HR solutions aligned with the County's vision of efficiency, accountability and results could be implemented and processed in complete compliance with these types of measures. It is far more difficult to identify and measure outcomes such as compelling a new vision of an occupation that allows access to a market that was previously unavailable because classes narrowly defined talent as those with County experience.