

Performance Audit No. 17-01

A Performance Audit Of State Agency And Board Of Education Compliance With Performance Evaluation Requirements

March 28, 2017



OFFICE OF THE STATE AUDITOR

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Executive Summary

Finding 1: Entity Compliance With Performance Evaluation Rules Varies Widely

For the five most recent state fiscal years (2012 – 2016), state entities varied widely in their documented compliance with the state administrative rule that requires each career service employee to receive a performance evaluation each fiscal year. More specifically, we found sufficient performance evaluation documentation for nearly 69 percent of all employees tested across 25 state entities during this test period. We recommend that the Department of Human Resource Management (DHRM) continue to work with entity management to use available human resource tools to generate performance evaluation reports to facilitate improved compliance with DHRM’s evaluation rule and greater management oversight.

Finding 2: Some State Entities Do Not Adequately Use Available DHRM Resources

State entity responses to our audit test results regarding performance evaluation requirements compliance revealed that some state entities do not adequately use DHRM’s Utah Performance Management System (UPM). Such deficiencies may result in a lack of sufficient performance evaluation documentation within DHRM’s Human Resource Enterprise (HRE) data warehouse, which served as the data source of our audit testing. Consequently, we recommend that DHRM help ensure that state entities properly finalize performance evaluations in UPM.

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Background

The Department of Human Resource Management (DHRM) is statutorily tasked with establishing a career service system designed to effectively implement employee retention based on “the adequacy of their performance” and the separation of employees “whose inadequate performance cannot be corrected.”¹ DHRM’s vision is to actively partner “with state agencies to achieve their missions by championing the highest quality workforce.”² Thus, DHRM established 12 department field offices, each of which requires a service level agreement between DHRM and the host entity.³ The field office director is the direct communicator between the entity leadership and DHRM, and it is his or her responsibility to explain DHRM rules and actions to the entity while also helping the entity director and management with any human resource issues.

Additionally, DHRM rule requires that all career service (schedule B)⁴ employees receive a performance evaluation *each* fiscal year.⁵ To this end, state entity management subject to DHRM rules are required to use the Utah Performance Management System (UPM)⁶ “for employee performance plans and evaluations,”⁷ and DHRM is required to maintain an electronic record of each employee’s information, which includes their performance ratings.⁸

Ultimately, the DHRM executive director is charged with “administer[ing] agency human resource practices and ensur[ing] compliance with federal law, state law, and state human resource rules,” among other duties.⁹ The director must also “establish and maintain a management information system that will furnish the governor, the Legislature, and agencies with current information on authorized positions, payroll, and related matters concerning state human resources.”¹⁰

¹ Utah Code § 67-19-3.1(1)(d).

² <https://dhrm.utah.gov/public-facing-director-message/dhrm-mission-and-vision>, (last accessed 3/9/17).

³ See, Utah Code § 67-19-6.1. Under the *Utah State Personnel Management Act*, an “agency” is “any department or unit of Utah state government with authority to employ personnel.” Utah Code § 67-19-3(1). The term “entity” in this report refers to the Utah State Board of Education and all state agencies subject to DHRM rule.

⁴ The *Utah State Personnel Management Act* separates civil service positions within the state into two schedules: A and B. Schedule B “is the competitive career service schedule,” and includes “all positions filled through competitive selection procedures as defined by the executive director” of DHRM. Utah Code § 67-19-15(2)(b).

⁵ Utah Admin. Code R477-10-1(2). A performance evaluation is defined by Utah Admin. Code R477-1-1(77) as “[a] formal, periodic evaluation of an employee’s work performance.” In our analysis, we adopt the commonly understood definition of “fiscal year” in the state of Utah (e.g., July 1, 2011 through June 30, 2012). See, e.g., Utah Code § 51-7-3.5 (“The fiscal year of the state of Utah shall commence on the first day of July of each year.”).

⁶ UPM was created to house employee performance management information for state entities and contains the full performance plan, any qualitative information about the performance evaluation, and the rating of the performance evaluation. Basic performance evaluation data (e.g., the date the review was conducted, the pass or fail status of the rating, etc.) is transferred nightly to the Human Resource Enterprise (HRE) management information system. HRE houses all employee information, including human resource actions (e.g., promotions, terminations, etc.) and historical performance evaluation data. HRE served as our source data, as explained in Appendix A.

⁷ Utah Admin. Code R477-10-1.

⁸ Utah Admin. Code R477-2-5(1)(b).

⁹ Utah Code § 67-19-6(1)(e).

¹⁰ Utah Code § 67-19-6(1)(k).

Overall, DHRM rules “apply to the executive branch of Utah State Government and its career and career service exempt employees”; however, “[e]ntities which are not bound by mandatory compliance with these rules include:

- (1) members of the Legislature and legislative employees;
- (2) members of the judiciary and judicial employees;
- (3) officers, faculty, and other employees of state institutions of higher education;
- (4) officers, faculty, and other employees of the public education system, other than those directly employed by the State Office of Education;
- (5) employees of the Office of the Attorney General;
- (6) elected members of the executive branch and their employees;
- (7) employees of independent entities, quasi-governmental agencies and special service districts;
- (8) employees in any position that is determined by statute to be exempt from these rules.”¹¹

As detailed in the figure below, during the five most recent state fiscal years (2012 – 2016), 25 state entities subject to DHRM rules employed schedule B employees that fit within our test parameters. Appendix A contains additional detail regarding our specific test methodology.

Entities Subject To DHRM Rule With Employees Meeting Test Parameters			
Code	Name	Code	Name
100	Dept. of Administrative Services	480	Dept. of Environmental Quality
110	Dept. of Technology Services	560	Dept. of Natural Resources
120	Tax Commission	570	Dept. of Agriculture
130	Career Service Review Office	600	Dept. of Workforce Services
140	Dept. of Human Resource Mgmt.	650	Alcoholic Beverage Control
180	Dept. of Public Safety	660	Labor Commission
190	Utah National Guard	670	Dept. of Commerce
200	Dept. of Human Services	680	Financial Institutions
270	Dept. of Health	690	Dept. of Insurance
400	Board of Education	700	Public Service Commission
410	Dept. of Corrections	710	Dept. of Heritage and Arts
430	Board of Pardons & Parole	810	Dept. of Transportation
450	Dept. of Veterans & Military Affairs		

Source: OSA analysis of DHRM employee history data and applicable statutes and rules.

¹¹ Utah Admin. Code R477-2-1. According to DHRM, subsection (6) exempts elected Board of Education members and their few direct employees (e.g., Superintendent, Secretary to the Board, etc.), while subsection (4) clearly includes individuals “directly employed by the State Office of Education.” Note: During the 2016 General Session, the Utah Legislature enacted H.B. 147, which changed the name of the “State Office of Education” to the “State Board of Education.” Thus, our analysis included schedule B employees within the State Board of Education.

Finding 1

Entity Compliance With Performance Evaluation Rules Varies Widely

For the five most recent state fiscal years (2012 – 2016), state entities varied widely in their documented compliance with the state administrative rule that requires each career service employee to receive a performance evaluation each fiscal year.¹² More specifically, we found sufficient performance evaluation documentation for nearly 69 percent of all employees tested across 25 state entities during this test period. We recommend that the Department of Human Resource Management (DHRM) continue to work with entity management to use available human resource tools to generate performance evaluation reports to facilitate improved compliance with DHRM’s evaluation rule and greater management oversight.

DHRM Data Revealed Adequate Performance Evaluation Documentation For Roughly 69 Percent Of Employees Reviewed

Our analysis focused on performance evaluations for 14,585 career service employees who worked in 25 state entities during the five most recent state fiscal years (2012 – 2016). Of these employees, we found sufficient¹³ documentation within DHRM’s Human Resource Enterprise (HRE) data warehouse for performance evaluations for only 10,044—roughly 69 percent of the total number tested. As illustrated in Figure 1.1, individual state entity compliance varied widely during this time period.

Overall compliance rates range from 0 percent (450 - Department of Veterans and Military Affairs) to 98 percent (110 - Department of Technology Services), including 10 of the 25 entities that reflect a compliance rate of 50 percent or less.¹⁴ For example, our audit test included 1,497 career service employees from the Department of Transportation (810). Of those, DHRM data revealed sufficient performance evaluation documentation for 1,231 employees. In other words, 1,231 employees appeared to have sufficient performance evaluation documentation for the fiscal years during which they were employed with the Department of Transportation, resulting in a cumulative 82 percent compliance rate.

Since our audit analysis drew upon performance evaluation documentation available within HRE, it is possible that some “completed” evaluations are not reflected in our results. Indeed, some state entities noted that some completed evaluations were not properly finalized in UPM (see Finding 2). Thus, results included within this finding reflect only performance evaluations properly finalized in UPM, as rule requires,¹⁵ or recorded directly into HRE.

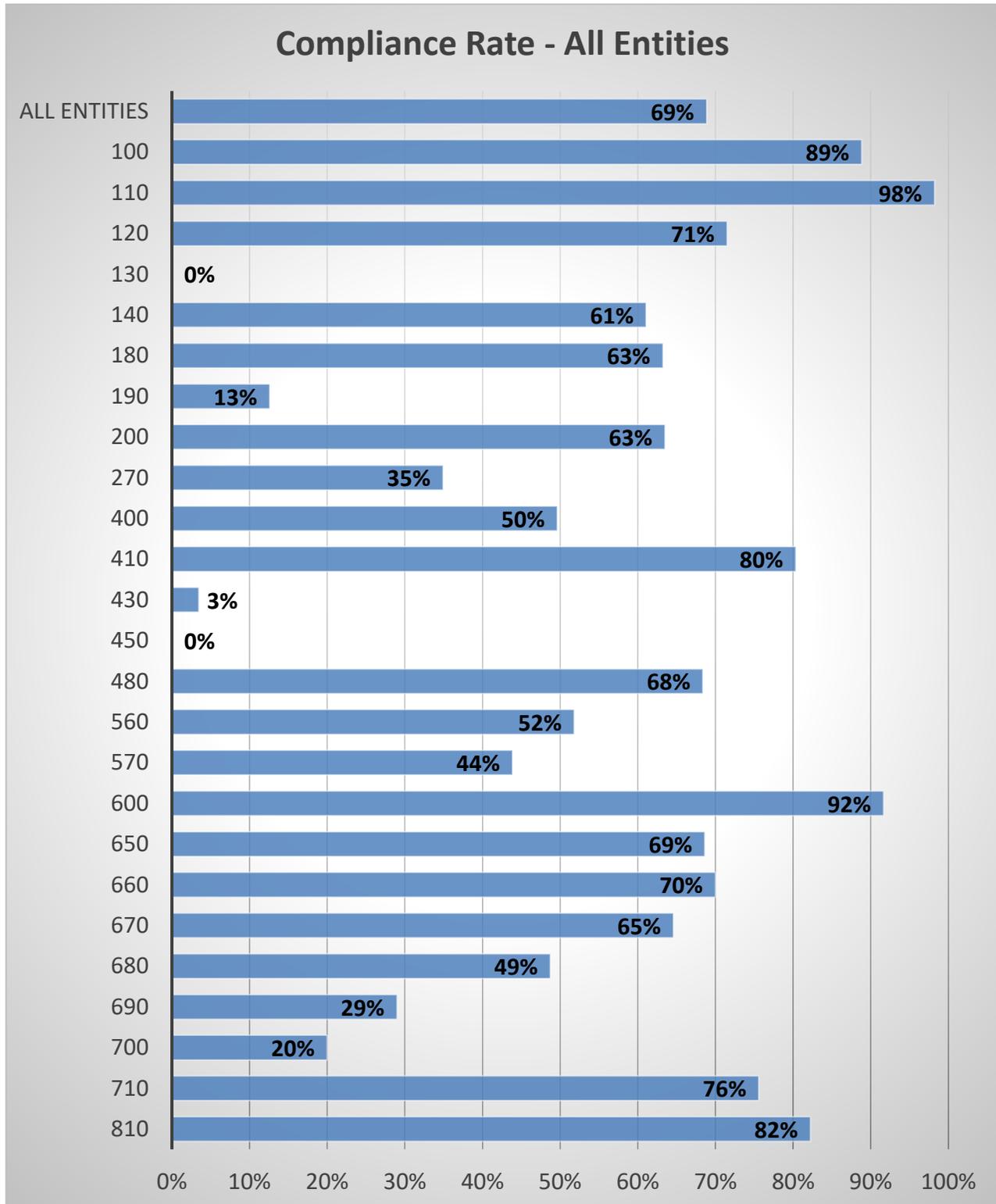
¹² Utah Admin. Code R477-10-1(2) (“Each fiscal year a state employee shall receive a performance evaluation.”).

¹³ For each entity included within our test methodology, our assessment of compliance reflects the total number of career service employees that received an evaluation *during each* of the fiscal years required for their respective period of employment with that entity. See Appendix A for additional methodological detail.

¹⁴ See Appendix B for specific employee and compliance totals for each individual entity.

¹⁵ Utah Admin. Code R477-10-1. See the Background of this report and Finding 2 for additional detail.

Figure 1.1 Performance Evaluation Compliance Rate – All Entities¹⁶

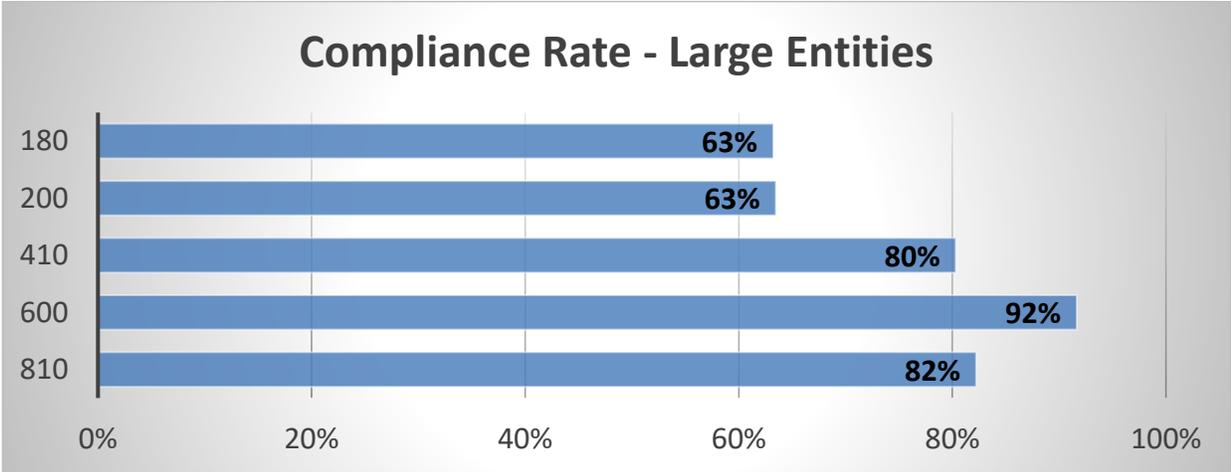


Source: OSA analysis of DHRM employee history and performance evaluation data.

¹⁶ See the Background of this report for all entity codes and descriptions.

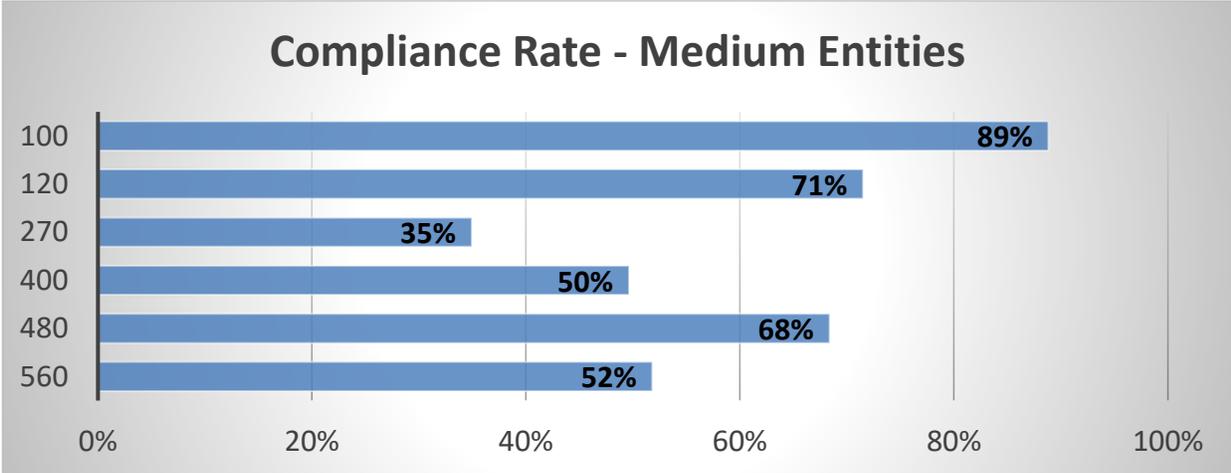
On average, entities with more than 1,000 employees (“Large Entities”) had a higher compliance rate, ranging from 63 percent to 92 percent (Figure 1.2). Entities with 250 - 1,000 career service employees included in our audit test (“Medium Entities”) ranged from 35 percent to 89 percent in compliance rate (Figure 1.3). Finally, entities with fewer than 250 employees (“Small Entities”) showed the widest range of compliance rate from 0 percent to 98 percent (Figure 1.4). The smallest of these entities, the Career Service Review Office (130), employed only one career service employee during our test period for whom we found no performance evaluation documentation included within HRE, resulting in a 0 percent compliance rate. This entity, however, claimed that evaluations were indeed completed, but were never entered into DHRM’s Utah Performance Management (UPM) system, as required by rule.

Figure 1.2 Large Entity Compliance (Over 1,000 Employees)



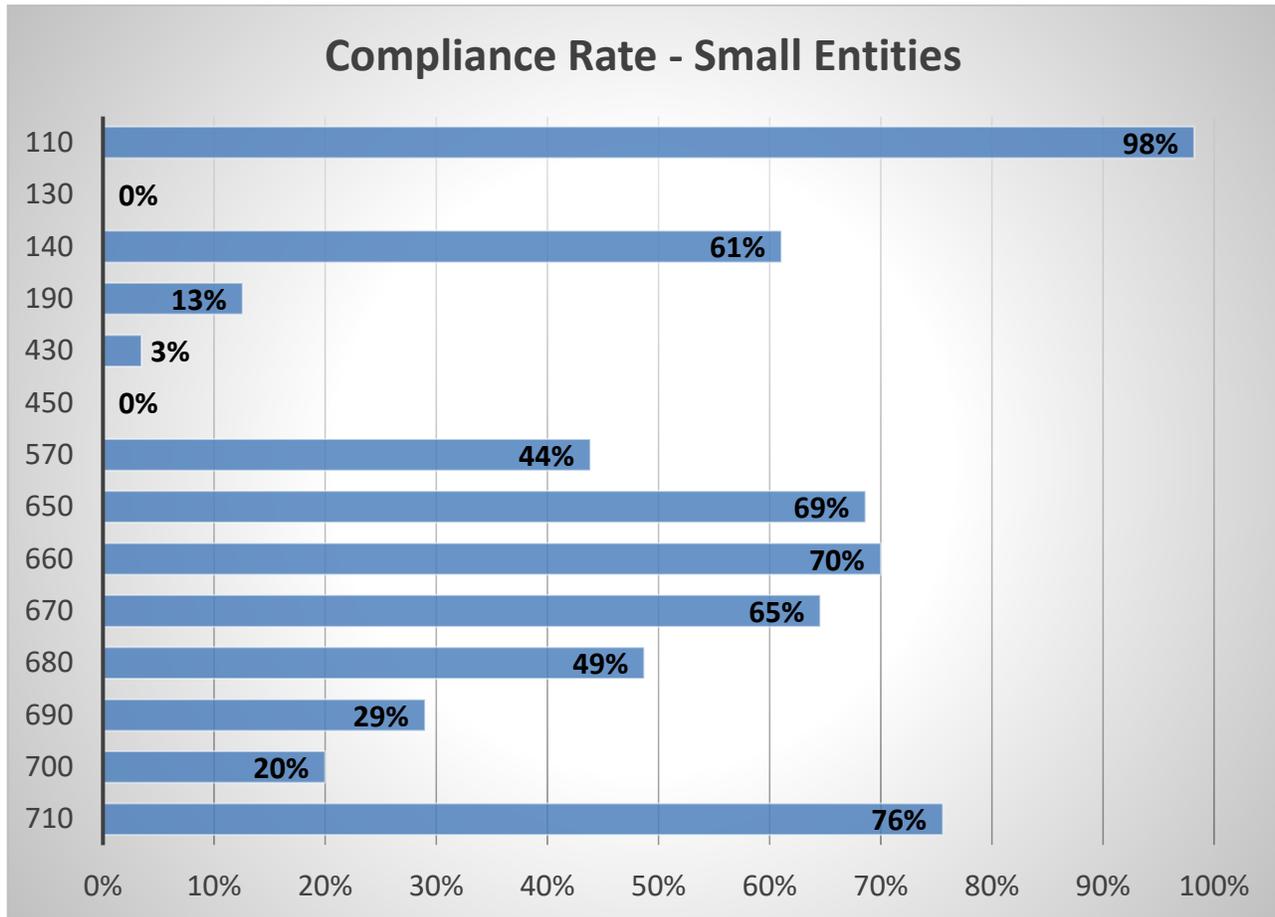
Source: OSA analysis of DHRM employee history and performance evaluation data.

Figure 1.3 Medium Entity Compliance (250 - 1,000 Employees)



Source: OSA analysis of DHRM employee history and performance evaluation data.

Figure 1.4 Small Entity Compliance (Fewer Than 250 Employees)



Source: OSA analysis of DHRM employee history and performance evaluation data.

DHRM Can Better Help Entities Comply With Rule

Since the executive director of DHRM is charged with “administer[ing] agency human resource practices and ensur[ing] compliance with federal law, state law, *and* state human resource rules,” among other duties,¹⁷ DHRM could do more to help encourage and improve entity compliance with administrative rules. For example, DHRM could analyze both historical and current data to identify entities with low performance evaluation compliance rates. Using data analysis may allow DHRM to identify entities with the greatest need, and allocate resources to better ensure compliance with the rule. In addition, DHRM could better help entity management generate point-in-time performance evaluation reports in UPM or encourage entities to request HRE reports to help management stay current with performance evaluations.

These improvements may help DHRM fulfill its statutory charge to establish a career service system designed to effectively implement retention of employees based on “the adequacy of

¹⁷ Utah Code § 67-19-6(1)(e) (emphasis added).

their performance” and the separation of employees “whose inadequate performance cannot be corrected.”¹⁸ Consequently, we recommend that DHRM continue to work with entity management to improve employee performance management, particularly through enhanced compliance with the administrative rule requiring performance evaluations for career service employees each fiscal year. We also recommend that DHRM further assist agency management to generate performance evaluation reports in UPM and HRE to facilitate improved management oversight.

Recommendations

1. We recommend that the Department of Human Resource Management continue to work with entity management to improve employee performance management, particularly through enhanced compliance with the administrative rule requiring performance evaluations for career services employees each fiscal year.
2. We recommend that the Department of Human Resource Management further assist entity management to generate performance evaluation reports in the Utah Performance Management System and the Human Resource Enterprise management information system to facilitate improved management oversight.

¹⁸ Utah Code § 67-19-3.1(1)(d).

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Finding 2

Some State Entities Do Not Adequately Use Available DHRM Resources

State entity responses to our audit test results regarding performance evaluation requirements compliance revealed that some state entities do not adequately use DHRM’s Utah Performance Management System (UPM). Such deficiencies may result in a lack of sufficient performance evaluation documentation within DHRM’s Human Resource Enterprise (HRE) data warehouse, which served as the data source of our audit testing. Consequently, we recommend that DHRM help ensure that state entities properly finalize performance evaluations in UPM.

Some State Entities Do Not Use The Utah Performance Management System To Finalize Performance Evaluations

Although DHRM rule requires state entity management to use DHRM’s Utah Performance Management (UPM) system “for employee performance plans and evaluations,”¹⁹ some entities explained that certain “completed” employee evaluations were not finalized in UPM. In one case, an entity indicated that the entity was “not previously aware” of this requirement.

UPM is a “strategically aligned individual performance management system developed by [DHRM] in partnership with the Governor’s Office of Management and Budget (GOMB)” that houses all performance evaluation information.²⁰ Detailed performance evaluation data (e.g., the date of evaluation and pass/fail rating) are transferred nightly into the DHRM HRE system, which serves as the official record for all employee information, including human resource actions (e.g., promotions, terminations, etc.) and historical performance evaluation data. Thus, state entity noncompliance identified in our report (see Finding 1) may reflect performance evaluations not correctly finalized in UPM contrary to applicable administrative rule.

Some Completed Performance Evaluations Are Not Finalized In UPM

In addition, some entities noted that certain employees failed to “finalize” completed evaluations in UPM. However, DHRM’s video tutorial regarding performance evaluations in UPM specifically states that, “[a]fter everything has been correctly evaluated and [the] employee has acknowledged that he or she has discussed the plan with” the employee’s supervisor, the *supervisor* conducting the evaluation must “go back into the [performance] plan and finalize it from the ‘Summary’ tab.”²¹

¹⁹ Utah Admin. Code R477-10-1.

²⁰ *Utah Performance Management (UPM) System*, <https://dhrm.utah.gov/employment/upm-utahperformancemanagement> (last accessed 2/14/17).

²¹ *UPM Training Tutorials*, <https://dhrm.utah.gov/training/upm-training-tutorials> (last accessed 2/14/17).

For any evaluations not finalized in UPM, no corresponding performance evaluation data (e.g., date and pass/fail rating) would exist within DHRM’s HRE system, which served as the source data for our audit analysis. Consequently, state entity noncompliance identified in our report (see Finding 1) may reflect performance evaluations not properly finalized in UPM.

DHRM Must Ensure Current Human Resources Information

The executive director of DHRM is required to “establish and maintain a management information system that will furnish the governor, the Legislature, and agencies with current information on . . . related matters concerning state human resources,”²² among other duties. While UPM tutorials and other resources may exist, we recommend that DHRM help ensure that state entities properly finalize performance evaluations in UPM so that the information reflected in HRE is current.

Recommendation

1. We recommend that the Department of Human Resource Management help ensure that state entities properly finalize performance evaluations in the Utah Performance Management System.

²² Utah Code § 67-19-6(1)(k).

Appendix A **Audit Objectives, Scope, Methodology, And Limitations**

A Performance Audit Of State Agency And Board Of Education Compliance With Performance Review Requirements was conducted with the objective to assess state entity compliance with applicable performance evaluation requirements. To this end, field work for this audit—which occurred from November 2016 through February 2017—included but was not limited to the following:

- Analysis of applicable state statutes and administrative rules
- Analysis of state employee performance evaluation and employment history data for the five most recent state fiscal years (from July 1, 2011 through June 30, 2016)
- Discussions with DHRM and state entity staff
- Review of the Utah Performance Management System (UPM) and Human Resource Enterprise (HRE) management information system

More specifically, at the instruction of DHRM, our office imported the following data sets into IDEA from the HRE data warehouse through Microsoft Access on November 9, 2016:

- *dbo_empl_review*: this data set contained information regarding the performance evaluations conducted for each employee (e.g., evaluation date)
- *qry_empl_info*: this data set contained information regarding the most recent human resource action for state employees
- *qry_empl_hist*: this data set contained information regarding all human resource actions taken for state employees

We imported these data sets into SAS for further analysis. The time period we chose to test was the five-year period of state fiscal years 2012 through 2016. We identified the most recent employment period²³ at one state entity for all employees in the employee history data set. We then found the employees whose most recent employment period at one state entity coincided with this five-year time frame. Next, we included only schedule B²⁴ employees and identified the start and end date that correlated with that employment period. If the employee was employed at the time of the data pull, the end date corresponded with the date of the data pull (11/9/16). We defined “fiscal year” as the state fiscal year (FY), which begins on July 1 and ends on June 30, and defined a year as 365 days.

²³ An “employment period” is defined here as an uninterrupted timespan during which an employee did not experience a change in employer (i.e., move from one entity to another) or schedule (e.g., schedule A to B).

²⁴ The *Utah State Personnel Management Act* separates civil service positions within the state into two schedules: schedule A and schedule B. Schedule B “is the competitive career service schedule,” and includes “all positions filled through competitive selection procedures as defined by the executive director” of DHRM. Utah Code § 67-19-15(2)(b).

Within our test period, we identified the full fiscal year(s) within the entity at which each employee most recently worked and grouped them by the number of full consecutive fiscal years that they worked at the specified state entity, ranging from one to five fiscal years worked. Those who worked less than one full fiscal year were excluded from our analysis.

This data set was then combined with the data in the employee review table and matched by the employee identification number so that the complete data set contained the information about the most recent fiscal years that the person was employed with the state and if that individual received performance evaluations during each of those fiscal years. This data was grouped by employee identification number and the number of fiscal years worked. We used this information to complete the analysis for Test A and Test B, each of which is described in further detail below.

Test A Methodology

Test A evaluated completion of performance evaluations for employees who worked two to five full consecutive fiscal years at an entity. We grouped employees into four groups for Test A: those employees who worked two full consecutive fiscal years at one entity, those employees who worked three full consecutive fiscal years at one entity, those employees who worked four full consecutive fiscal years at one entity, and those employees who worked five full consecutive fiscal years at one entity.

Administrative rule states that employees shall receive a performance evaluation “[e]ach fiscal year,”²⁵ and our analysis adheres to the commonly accepted definition of “fiscal year” in Utah state government: July 1 – June 30.²⁶ Thus, our analysis ultimately rests upon the plain meaning of the rule: that *each* career service employee receive an evaluation *each* fiscal year. Consequently, we assessed entity compliance in terms of the number of *fiscal years in which* HRE reflects documentation of an evaluation—not merely the total *number of evaluations* over the course of the employment period—as follows:

- Schedule B employees employed with a single entity for two full consecutive state fiscal years would require at least one evaluation during *one* of the two state fiscal years;
- Schedule B employees employed with a single entity for three full consecutive state fiscal years would require at least one evaluation during *two* of the three state fiscal years;
- Schedule B employees employed with a single entity for four full consecutive state fiscal years would require at least one evaluation during *three* of the four state fiscal years; and
- Schedule B employees employed with a single entity for five full consecutive state fiscal years would require at least one evaluation during *four* of the five state fiscal years.²⁷

²⁵ Utah Admin. Code R477-10-1(2).

²⁶ See, e.g., Utah Code § 51-7-3.5 (Utah’s *State Money Management Act* notes that, “The fiscal year of the state of Utah shall commence on the first day of July of each year.”).

²⁷ As evident in the methodology above, we allow for a generous one-year buffer to account for some variability in distinct review periods and evaluation timelines among state entities. However, this allowance is extremely conservative in light of the plain language of the administrative rule tested.

Test B Methodology

Test B assessed completion of performance evaluations for employees who worked at least one full fiscal year but fewer than two full consecutive fiscal years at an entity during our test period. For this test, we looked only at employees who worked for a consecutive period of time at one state entity comprising one full fiscal year (July 1 – June 30) in FY13, FY14, or FY15 plus an additional 365 days outside of that fiscal year. FY12 and FY16 were excluded because we limited our audit scope to evaluations documented as complete in HRE from July 1, 2011 through June 30, 2016, meaning that the evaluations conducted prior to FY12 or after FY16 were not included in our analysis.

Using this limited data set, we found the number of evaluations performed for each employee within the time frame he or she worked, which totaled two full years (365 days in addition to one full fiscal year, resulting effectively in a minimum of 730 days). Again allowing for varying entity review periods, we indicated minimum compliance with the DHRM evaluation rule so long as an employee received at least *one* evaluation within the two year (730-day or more) span.

Data Limitations

Data within the HRE data warehouse does not contain *agency-specific* hire and termination dates for employees. Thus, we were restricted to using human resource action effective dates as agency-specific start and end dates, with the first human resource action indicating the employment start date and the most recent human resource action (or termination from state employment) indicating the employment end date. As previously mentioned, if the employee was employed at the time of the data pull, the end date corresponded with the date of the data pull (11/9/16).

Finally, we offered each state entity an opportunity to provide a written response to our entity-specific analysis. Ultimately, two entities (Career Service Review Office and Utah State Board of Education) responded individually to our entity-specific findings, while DHRM oversaw the responses for the remaining “Cabinet level” entities and the Public Service Commission at the request of the Governor’s Office of Management and Budget. These written responses are appended to our report in Appendix C. Additionally, we received verbal feedback from four executive branch entities, the relevant portions of which we relayed to DHRM and summarized in our final report.

Statement Of Compliance

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Appendix B State Entity Detail

Entity	Employees w/ Minimum Expected Years Reviewed During Employment Period	Total Schedule B Employees Examined	Percentage Compliant
130	0	1	0%
450	0	5	0%
700	1	5	20%
430	1	29	3%
680	19	39	49%
110	55	56	98%
690	20	69	29%
710	65	86	76%
660	70	100	70%
140	69	113	61%
190	19	151	13%
570	75	171	44%
670	144	223	65%
650	164	239	69%
100	310	349	89%
480	253	370	68%
400	202	407	50%
120	474	663	71%
270	255	730	35%
560	443	855	52%
180	693	1096	63%
810	1231	1497	82%
600	1526	1665	92%
410	1707	2125	80%
200	2248	3541	63%
Total	10044	14585	69%

Source: OSA analysis of DHRM employee history and performance evaluation data.

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Appendix C Specific Entity Responses

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

CAREER SERVICE REVIEW OFFICE

AKIKO KAWAMURA
Administrator

ANNETTE MORGAN
Administrative Legal Assistant

January 27, 2017

Nick Purse, JD, CIA
Rachel Dyer
OFFICE OF THE UTAH STATE AUDITOR
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114

To Whom It May Concern:

This is in response to your letter dated January 24, 2017, regarding a performance audit (employee performance evaluations). Your audit report indicates that the Career Service Review Office (CSRO) did not have performance evaluation data available through DHRM for fiscal years FY12 through FY16.

For background information, the CSRO has 1 Schedule B employee who is subject to annual performance evaluations. For that employee, the CSRO has conducted an in-house annual performance evaluation beginning in FY13.

I have held the position of CSRO Administrator since November 2012. When I assumed the duties of CSRO Administrator, this office did not have a procedure for performance evaluations and had never conducted a performance evaluation for its Schedule B employee. At the beginning of FY13 (my first full fiscal year as Administrator), we took the initiative to create and conduct performance plans in an attempt to comply with *Utah Admin. Rule 477-10-12(2)*. Those performance evaluations (protected records under GRAMA) are maintained in the CSRO personnel files and are available for the auditor's review upon request.

I have now learned that these performance evaluations should have been conducted through DHRM/CPM. We were not previously aware of this. Although we have a DHRM Specialist assigned to our office, we have not conducted our performance evaluations through DHRM. Our office is a non-cabinet office with one Schedule B employee and we do not typically receive the same communications as all other State offices. Also, with two total FTEs in this office, the CSRO does not have the resources to attend regular CPM training sessions. In the future, we will make an effort to work through DHRM to complete performance evaluations.

Sincerely,

A handwritten signature in blue ink that reads "Akiko Kawamura".

Akiko Kawamura
CSRO Administrator

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Human Resource Management

DEBBIE CRAGUN, SHRM-SCP, SPHR
Executive Director

WENDY PETERSON, SHRM-SCP, SPHR
Deputy Director

February 13, 2017

John Dougall
State Auditor
Utah State Auditor's Office
350 North State Street
Salt Lake City, Utah 84114

Dear Mr. Dougall:

On January 24, 2017 state executive branch agency heads received a report titled:

Office of the State Auditor's (OSA) test results of agency compliance with Department of Human Resource Management (DHRM) Rules R477-10-1(2).

This audit report pertained to mandatory annual performance evaluations for career service employees. This response is submitted to you on behalf of Cabinet level agency heads and the Public Service Commission.

We agree that effective performance management includes regular performance feedback in order to help employees succeed in completing the important work of state government. Therefore, we appreciate the time and effort the OSA audit staff took in collecting and compiling data to help executive branch agencies gain a clearer understanding of their compliance with the DHRM rule.

While we can neither confirm nor refute the data and conclusions provided in the agency test results, it is easy to see an apparent trend of diminishing finalized performance evaluations being given to career service employees over time. This trend needs to change, not only for rule compliance, but also to increase the management support and feedback career service employees need and deserve. All agencies will work to improve compliance with DHRM Rule R477-10-1(2), Employee Development, Performance Evaluation beginning with FY 2017 evaluations.

Sincerely,

Debbie Cragun

Debbie Cragun
Executive Director, DHRM

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UTAH STATE BOARD OF EDUCATION

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Lorraine Austin, Board Secretary

February 15, 2017

Mr. Nick Purse
Performance Audit Manager
Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114

Dear Mr. Purse:

Subject: Utah State Board of Education Management Response to Performance Audit on Evaluation Compliance

The Utah State Board of Education (USBE) concurs with the findings of the performance audit related to Evaluation Compliance. The USBE staff concur that for the period of the performance review there were significant declines and/or inconsistencies of the application of ensuring performance plans and/or evaluations were administered to Schedule B employees.

The USBE office implemented an internal policy where employees are to have a performance plan and evaluation completed regardless of their schedule or status effective July 1, 2016 and in support of the internal USBE office policy for discretionary pay raises. The internal policy requires that any employee, including Time Limited (TL) employees, is to receive both a performance plan and evaluation of their performance every year.

The implementation of the policy created an overall increase in performance plans for employees within the USBE office. This, in turn, significantly increased the number of evaluations that were completed for the period of July 1, 2015 through June 30, 2016 for employees not on a probationary status.

The USBE staff in supervisory roles, continue to increase the number of performance plans in place prior to the evaluation period scheduled for the April to June 2017 time frame, outlined in internal policy, for performance by individual employees that began on July 1, 2016. While the USBE is not at 100 percent compliance with performance plans in place this is attributed to ongoing training of supervisors on not only the implementation of the performance plan but

the evaluation process as well. The USBE anticipates that for the performance period beginning on July 1, 2017 and ending June 30, 2018, 100 percent, or very near that amount of performance plans and evaluations will meet the compliance to both DHRM and internal USBE policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Jones". The signature is written in a cursive style with a large initial "S".

Scott Jones
Deputy Superintendent of Operations

cc: Mark Huntsman, Utah State Board of Education, Board Chair
Terry Warner, Utah State Board of Education, Audit Committee Chair
Sydnee Dickson, State Superintendent of Public Instruction
Debbie Davis, Internal Audit Director

Overall DHRM Response

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Human Resource Management

DEBBIE CRAGUN, SHRM-SCP, SPHR
Executive Director

WENDY PETERSON, SHRM-SCP, SPHR
Deputy Director

March 24, 2017

John Dougall
State Auditor
Utah State Auditor's Office
350 North State Street
Salt Lake City, Utah 84114

Dear Mr. Dougall:

Thank you for the opportunity to review and respond to the Performance Audit No. 17-01, "A Performance Audit of State Agency and Board of Education Compliance with Performance Evaluation Requirements". We appreciated the professionalism of the auditors and welcome the recommendations made by the audit team.

The Department of Human Resource Management (DHRM) strongly advocates effective employee performance management, including providing employees with regular performance feedback. We will look at our current reports, training, and processes and make enhancements to help our customer agencies successfully utilize the Utah Performance Management (UPM) system and come into compliance with DHRM Rules.

Once again, thank you for the opportunity to respond to the audit. Please don't hesitate to contact me with any questions or comments regarding our response.

Sincerely,

Debbie Cragun

Debbie Cragun
Executive Director, DHRM

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