
January 17, 2020

Performance Audit
Recommendations and
Corrective Actions for Audit:
16-04

DEPARTMENTS OF HUMAN
RESOURCES, INFORMATION
& INNOVATION AND
FINANCE & MANAGEMENT

Most Classified Employees in
Three Departments Did Not
Receive Annual Performance
Evaluations for 2015

Dated: July 26, 2016

Overview

The State Auditor's Office (SAO) makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Audit Number & Name	Rec #	Recommendation	Follow-Up Date	Status	Review Comments
16-4 DHR, DFM and ADS (formerly DII) - Most Classified Employees in Three Departments Did Not Receive Annual Performance Evaluations for 2015	DHR-1	Amend personnel policy 7.0 to specify that completion of annual performance evaluations for confidential and managerial employees must be within a reasonable time period and define what constitutes a reasonable time period.	2017	Not Implemented	The Department of Human Resources (DHR) amended personnel policy 7.0, effective January 1, 2018. However, the amended policy does not specify that completion of annual performance evaluations for confidential and managerial employees must be completed within a reasonable time period nor does it define what constitutes a reasonable time period.
			2019	Implemented	The DHR Deputy Commissioner reported that revised DHR Policy 7.0, Performance Management, applies to all classified employees and as such, the policy applies to confidential and managerial employees since they are included in the classified service. He also indicated that annual evaluations for managerial and confidential employees are subject to the timeliness requirements of the revised the DHR Policy 7.0 (effective 1/1/2018) which requires a meeting be held with the employee to discuss the annual evaluation within forty-five (45) days after the applicable anniversary date of the completion of original probation.
	DHR-2	Include completion of annual performance evaluations in the DHR supervisors' performance expectations and assess whether they completed timely performance evaluations.	2017	Implemented	The DHR Deputy Commissioner reported this requirement has been communicated to all Directors and Managers on 8/18/17. The DHR provided an example of a supervisor's performance evaluation which shows that annual performance evaluations are now included as an expectation which will be assessed annually. As of 8/18/17, 82 percent of annual evaluations for the DHR classified employees are current.
		No further follow-up is required because the recommendation was implemented.			
	DHR-3	Periodically review data regarding which supervisors have completed Supervising in State Government Level 1 (SSG1), and ensure that those supervisors that have not completed the course do so before the end of 2018.	2017	Implemented	The DHR Deputy Commissioner reported there are sufficient training dates available to accommodate all supervisors who need to complete SSG1 before the end of 2018. The DHR runs reports that show the supervisors that have completed the training and those that have not. Periodically, the DHR provides these reports to update departments. Emails are sent to remind departments and agencies about this mandate. Reminders were added to the online HR Connect monthly newsletters for May 2016, April 2017, and July 2017. As of 8/21/17, 796 executive branch supervisors/managers have completed this requirement and 659 are in progress or yet to participate.
		No further follow-up is required because the recommendation was implemented.			
	DHR-4	Amend the Guide to the State's Performance Management System to include direction related to coordinating annual performance evaluation feedback among departments or supervisors when an employee transfers between departments or changes supervisors.	2017	Implemented	The DHR Deputy Commissioner reported the Guide to the State's Performance Management System was updated on 8/24/17 and is posted on the DHR website. It states when an employee transfers from one department to another, it is the responsibility of the current department to ensure completion of a timely performance evaluation and that it should be coordinated between past and present departments and supervisors.
		No further follow-up is required because the recommendation was implemented.			

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16-4 DHR, DFM and ADS (formerly DII) - Most Classified Employees in Three Departments Did Not Receive Annual Performance Evaluations for 2015	DHR-5	Add materials to the SSG1 training that provide examples of the types of behaviors and skills that reflect the State's four performance ratings.	2016	Implemented	The DHR Deputy Commissioner reported this recommendation is fully implemented and provided the materials that were added to the SSG1 training course in September 2017. The materials demonstrate the types of behaviors and skills that reflect the state's four performance ratings.
	No further follow-up is required because the recommendation was implemented.				
	DHR-6	Periodically provide the tracking spreadsheets to the Agency of Digital Services (ADS) and the Department of Finance and Management (DFM) officials to validate that the appropriate supervisors are listed.	2017	Implemented	The DHR Deputy Commissioner reported this recommendation is fully implemented and provided examples of the tracking sheets that are periodically provided to the ADS and the DFM. In addition, the DHR sends individual reminders to the supervisor each time a new hire or transfer is processed which includes the incoming employee's anniversary or end of probation date so the supervisor can update their tracking spreadsheet.
	No further follow-up is required because the recommendation was implemented.				
	DHR-7	Provide status updates to senior management of the DHR, the ADS, and the DFM that show which employees have had evaluations when due and which supervisors have completed timely annual performance evaluations.	2017	Implemented	The DHR Deputy Commissioner reported this recommendation is fully implemented and provided an example of a status report sent to the DHR senior management on 8/9/17 along with the dates of other status reports sent to the ADS, the DFM, and the DHR senior management.
	No further follow-up is required because the recommendation was implemented.				
	ADS-8	Include completion of annual performance evaluations in supervisors' performance expectations and assess whether they completed timely performance evaluations.	2017	Not Implemented	The ADS reported that managers and supervisors of the former ADS staff have been verbally reminded of completing performance evaluations primarily during group meetings, management staff meetings and individually during feedback sessions. However, the ADS did not provide evidence that completing annual performance evaluations has been written into managers and supervisors performance expectations. In addition, the ADS indicated they have not assessed whether managers and supervisors have completed timely performance evaluations.
	2019	Implemented	The ADS reported that the requirement for yearly performance evaluations was communicated in the July 2018 ADS newsletter, follow-up emails in July 2019, and bi-weekly virtual staff meetings. To monitor and enforce this, the ADS Deputy Secretary has retained Appointing Authority to sign all evaluations for managers and supervisors and reviews all evaluations to ensure this expectation has been included and provided a couple of examples. According to the DHR records, as of 10/15/2019, performance evaluations have been completed for 61 percent of ADS employees which is a significant increase from the seven percent we noted in our audit.		

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16-4 DHR, DFM and ADS (formerly DII) - Most Classified Employees in Three Departments Did Not Receive Annual Performance Evaluations for 2015	ADS-9	Obtain data from the DHR regarding which supervisors have completed SSG1 and ensure that those supervisors that have not completed the course do so before the end of 2018.	2017	Partially Implemented	The ADS reported they received a report from the DHR which shows the supervisors that have completed SSG1 training and those who still need to register. As of 10/30/17, 42 supervisors and managers have completed the training. However, the ADS did not provide evidence of reminding supervisors of this training or monitoring who has or hasn't attended the training.	
			2019	Partially Implemented	The ADS reported that 59 out of 65 (91 percent) supervisors and managers have completed the SSG1 course.	
	ADS-10	Obtain updates from the DHR that show which employees have had annual performance evaluations and which supervisors have completed timely annual performance evaluations.	2017	Implemented	The ADS reported receiving tracking spreadsheets from the DHR periodically with the most recent one dated 10/16/17.	
	No further follow-up is required because the recommendation was implemented.					
	DFM-11	Include completion of annual performance evaluations in supervisors' performance expectations and assess whether they completed timely performance evaluations.	2017	Partially Implemented	The Deputy Commissioner of the DFM provided an example of a supervisor's performance evaluation which shows that annual performance evaluations are now included as an expectation which will be assessed annually. According to a report provided by the DHR, as of 8/14/17 50% of the DFM classified employees received a timely annual performance evaluation. However, we were unable to confirm whether the DFM confidential and managerial employees received timely annual performance evaluations because the DHR has not defined what constitutes a reasonable time period for completion of annual performance evaluations for confidential and managerial employees.	
			2019	Implemented	The DFM reported the revised the DHR Policy 7.0, Performance Management, applies to all classified employees, including confidential and managerial employees since they are included in the classified service. This policy requires that a meeting with the employee to discuss the annual evaluation "shall be held within forty-five (45) days after the applicable anniversary date..." According to the DHR records, as of 11/4/2019, the timely performance evaluation completion rate for all the DFM employees increased to 78 percent versus the 50 percent completion rate we noted during our Year 1 (2017) audit recommendation follow-up.	
	DFM-12	Obtain data from the DHR regarding which supervisors have completed SSG1 and ensure that those supervisors that have not completed the course do so before the end of 2018.	2017	Implemented	The Deputy Commissioner of the DFM reported that all supervisors have participated and/or enrolled in the SSG1 course.	
	No further follow-up is required because the recommendation was implemented.					
	DFM-13	Obtain updates from the DHR that show which employees have had annual performance evaluations and which supervisors have completed timely annual performance evaluations.	2017	Implemented	The Deputy Commissioner of the DFM reported that the DHR provided an update as of 8/4/17 that shows which employees have had an annual performance evaluation and the supervisors who have completed annual performance evaluations.	
			No further follow-up is required because the recommendation was implemented.			