

## EXECUTIVE DIGEST

# DEPARTMENT OF CIVIL SERVICE

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### INTRODUCTION

This report contains the results of our financial audit\* of the Department of Civil Service for the period October 1, 1998 through September 30, 2000.

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### AUDIT PURPOSE

This financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial audits are conducted at various intervals to provide for enhanced financial reporting of significant State programs and/or activities and to complement the annual audit of the State's financial statements.

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### BACKGROUND

The Department was established by the Executive Organization Act of 1965. The Department is under the jurisdiction of the Civil Service Commission. The Commission is composed of four nonsalaried members, not more than two of whom shall be members of the same political party, appointed by the Governor for terms of eight years. Article XI, Section 5 of the State Constitution created the Commission.

The Office of the State Personnel Director provides executive direction for the Department and includes the Office of Internal Audit and, with the Office of the State Employer, jointly oversees the Office of Performance Excellence. The Office of the General Counsel, which

serves the Commission and the State Personnel Director, is also part of the Office of the State Personnel Director. In addition, the Office of the State Personnel Director oversees the Department's Bureaus of Technical Review and Employee Relations, Human Resource Services, and Administrative Services.

In conjunction with the Department of Management and Budget and the Office of the State Employer, during fiscal years 1999-2000 and 1998-99, the Department temporarily assigned 39 employees to the Human Resources Management Network (HRMN) project. Implemented in March 2001, HRMN replaced the existing human resource system with a fully integrated network system for the executive, legislative, and judicial branches of government. The mission\* of HRMN is to provide an integrated human resources management system delivering payroll, personnel, and employee benefits functionality and data exchange with retirement systems, resulting in streamlined business processes, better information for customers, reduced costs, improved services, and flexibility to manage the dynamic State work force of tomorrow.

To coincide with the implementation of HRMN on March 18, 2001, the Civil Service Commission approved a number of amendments to the civil service rules and issued new and revised regulations. Effective May 1, 2001, the Department published a new comprehensive book of Department regulations that replaced all prior versions.

In addition to General Fund appropriations, the Department receives funding from a 1% assessment of payroll for programs funded by restricted funding sources within the State.

For fiscal year 1999-2000, the Department reported net expenditures and operating transfers out of approximately \$34.0 million. As of September 30, 2000, the Department had 205 full-time employees.

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AUDIT OBJECTIVES  
AND CONCLUSIONS

**Audit Objective:** To assess and report on the Department's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial schedules, and on its internal control\* over financial reporting, based on our audit of the financial schedules.

**Conclusion:** Our assessment of compliance did not disclose any instances of noncompliance that could have a direct and material effect on the financial schedules. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses\*.

**Audit Objective:** To audit the Department's financial schedules for the fiscal years ended September 30, 2000 and September 30, 1999.

**Conclusion:** We expressed an unqualified opinion\* on the Department's financial schedules.

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AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Department of Civil Service for the period October 1, 1998 through September 30, 2000. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included

such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

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**PRIOR AUDIT  
FOLLOW-UP**

The Department complied with the prior audit recommendation included within the scope of our current audit.