

EXECUTIVE DIGEST

**OFFICE OF HUMAN RESOURCES AND
OFFICE OF EQUAL OPPORTUNITY**

INTRODUCTION

This report contains the results of our performance audit of the Office of Human Resources (OHR) and the Office of Equal Opportunity (OEO), Michigan Department of Transportation (MDOT), for the period July 1, 1992 through December 31, 1994.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency.

BACKGROUND

OHR is responsible for administering MDOT payroll and personnel activities and advising management on the effective use of manpower. OHR's role is to advance activities which promote employee development and welfare and to coordinate safety and health activities which support MDOT goals. To accomplish its mission, OHR is organized into four sections: Personnel Services, Employee Relations, Labor Relations, and Organizational Development and Training. OHR had 38 full-time employees as of December 31, 1994, and its expenditures totaled approximately \$2.6 million for the fiscal year ended September 30, 1994.

OEO is responsible for monitoring MDOT's compliance with civil rights regulations and for developing and maintaining MDOT's Equal Employment Opportunity Program and Affirmative Action Plan. Also, OEO ensures that only eligible firms participate in disadvantaged business programs and assists such firms in participating in MDOT contracts and procurement opportunities. To fulfill its responsibilities, OEO is organized into three sections: Compliance, Program Support, and Affirmative Action. OEO had 31 full-time employees as of December 31, 1994, and its expenditures totaled approximately \$1.3 million for the fiscal year ended September 30, 1994.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess OHR's effectiveness and efficiency in administering programs relating to the Personnel-Payroll Information System for Michigan (PPRISM) and the functions of personnel management, employee and labor relations and organizational development and training.

Conclusion: Our assessment disclosed that OHR was effective and efficient in administering programs relating to PPRISM and other OHR functions. However, improvements should be made related to disclosure of interest statements, health and safety inspections, and timely reporting of accidents (Findings 1 through 3). In addition, MDOT should review the Americans With Disabilities Act accommodations, monitor the Educational Support Program, analyze the source of employee grievances, require employee performance evaluations, and coordinate the training program with training records (Findings 4 through 9).

Noteworthy Accomplishments: OHR completed Phase I of a three-part self-evaluation process designed to increase OHR's effectiveness and to automate manual recordkeeping systems.

Audit Objective: To evaluate the internal control structure, policies, and procedures established for PPRISM and the functions of personnel management, employee and labor relations and organizational development and training.

Conclusion: Our assessment did not disclose any material weaknesses in the internal control structure, policies, and procedures for PPRISM and other OHR functions. However, improvements should be made related to the security of PPRISM passwords and the monitoring of hours worked for the Special Employment Training Program (Findings 10 and 11).

Audit Objective: To assess OEO's monitoring efforts to ensure that MDOT is in compliance with federal regulations that require:

- a. Disadvantaged business enterprises (DBE's) to participate in federally funded contracts.
- b. Equal employment opportunity to be maintained in the work forces of private contractors, subcontractors, and materials suppliers.
- c. Equal employment opportunity to be maintained in MDOT's own internal work force.

Conclusion: Our assessment disclosed that OEO's monitoring efforts did ensure that MDOT was in general compliance with federal regulations. We had no material findings. However, MDOT should ensure that governmental agencies complied with Title VI program regulations, and OEO and the Financial Services Division should ensure that the directory of certified DBE and handicapper owned business (HBO) contractors is accurate. (Findings 12 and 13)

Noteworthy Accomplishments: OEO has made significant improvement in its operating practices since our prior audit approximately three years ago.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Office of Human Resources and the Office of Equal Opportunity for the period July 1, 1992 through December 31, 1994. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and other such auditing procedures as we considered necessary in the circumstances.

Our methodology included a review and evaluation of the policies and procedures used by OHR and OEO to comply with State and federal regulations. We reviewed and evaluated the internal control structures related to PPRISM and the Disadvantaged Business Enterprises application and certification process. We analyzed MDOT's payroll and worker's compensation transactions to ensure that they were accurately calculated. Also, we assessed MDOT's safety and training efforts used to support its functions.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report contains 13 findings and 17 recommendations. MDOT agreed with all 17 recommendations and has compiled with 5 of them.

Our prior audit included 22 recommendations, 15 related to OHR and 7 associated with OEO. MDOT complied with 12,

we repeated 2 and rewrote 5, and 3 were no longer applicable.