CLASSIFICATION AND SELECTION ACTIVITIES

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<th>INTRODUCTION</th>
<th>This report contains the results of our performance audit of Classification and Selection Activities, Department of Civil Service, for the period October 1, 1992 through June 30, 1995.</th>
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<td>AUDIT PURPOSE</td>
<td>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*.</td>
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<td>BACKGROUND</td>
<td>The Department of Civil Service was established by the Executive Organization Act of 1965. The Department is under the jurisdiction of the Civil Service Commission consisting of four nonsalaried members appointed by the Governor.</td>
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<td>Article 11, Section 5 of the of the State Constitution specifies the Commission’s responsibilities. These responsibilities have been translated into the Rules of the Civil Service Commission.</td>
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<td>According to these rules, classification and selection</td>
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activities are designed to ensure the proper classification and compensation of all positions in the classified service; maintain a work force of the highest level of competence; enable State government to be an equal opportunity employer; be fair, equitable, and defensible; be open and accessible to applicants; and be responsive to the work force needs of State government.

For the fiscal year ended September 30, 1994, classification and selection activity expenditures totaled approximately $5.5 million. As of June 30, 1995, the Department had 95 employees assigned to the administration of classification and selection activities.

**Audit Objective:** To assess the effectiveness and efficiency of the Department's processes to properly classify positions in the State classified service and to provide quality employment lists.

**Conclusion:** We concluded that the Department's processes were generally effective and efficient in properly classifying positions and providing quality employment lists. However, we noted three material conditions* relating to the Department's effectiveness and efficiency:

- The Civil Service Commission had not reduced the number, and excess salary cost, of employees in restricted positions. As a result, based on Department computations, the State was annually incurring approximately $5 million in excess salary costs for 1,325 employees (Finding 1).
The Department responded that it agreed with the corresponding recommendation and informed us that it has taken steps to comply.

- The Department had not assessed the efficiencies and economies that could result from consolidating the classification and selection activities of its Detroit Regional Office with the Classification and Selection Operations Bureau (Finding 2).

  The Department responded that it expects the current Workforce Acquisition Business Processes Reengineering Project to generate better output measures to address efficiencies and economies of operations. However, the Department pointed out that it did not agree with the implied savings cited in the finding.

- The Department had not assessed the effectiveness of the Mid-Management examination in identifying candidates who possessed the appropriate job skills. Also, the Department needs to improve its controls designed to ensure consistent and uniform examination scoring. In addition, the Department did not provide examinees with an analysis of their test results in a format that would allow examinees to design a training plan to improve their weaknesses. (Finding 3)

  The Department responded that it has begun to survey hiring managers to determine their level of satisfaction with the candidates. The Department also informed us that it will address our comments regarding examination
controls on an ongoing basis and will include our other observations in the current redesign of the total process for selecting employees.

We also noted reportable conditions* in the Department's processes related to ensuring effective examinations and quality employment lists (Findings 4 through 6). In addition, we noted other reportable conditions in the areas of application processing; timely processing of redetermination requests; activity performance measures; and the effectiveness of committees, programs, and recruiting efforts (Findings 7 through 13).

**Noteworthy Accomplishments:** In response to Civil Service Commission initiatives, as of June 30, 1995, the Classification and Selection Operations Bureau had reduced the number of nonrestricted position classifications to approximately 1,800 from approximately 2,300 on February 15, 1995. Reducing the number of position classifications provides appointing authorities a greater flexibility in the hiring process and provides a wider range of prospective candidates from which to fill position vacancies. In addition, the Bureau has instituted a process of open, continuous examinations for applicants to qualify for vacant positions. This process better serves the needs of both prospective employees and the State's appointing authorities by helping to maintain up-to-date employment lists and providing the best possible candidates for vacant positions.

**Audit Objective:** To assess the effectiveness of the Department's internal control structure* over its administration of classification and selection activities.
**Conclusion:** We concluded that the Department's internal control structure over its administration of classification and selection activities was reasonably effective. However, we noted reportable conditions related to examination security, employment lists, student employment programs, and emergency appointments (Findings 14 through 19).

**Audit Objective:** To assess compliance with provisions of State and federal laws and regulations and the *Rules of the Civil Service Commission* that could have a material effect on the Department's administration of classification and selection activities.

**Conclusion:** We concluded that the Department generally complied with provisions of State and federal laws and regulations and the *Rules of the Civil Service Commission*. However, we noted reportable conditions related to limited-term appointments, application signatures, student employment programs, veteran preference points, and the Return to Work Program and the Six-Month Trial Appointment Process (Findings 20 through 24).

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**AUDIT SCOPE AND METHODOLOGY**

Our audit scope was to examine the program and other records of the classification and selection activities, Department of Civil Service, for the period October 1, 1992 through June 30, 1995. 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 such other auditing
procedures as we considered necessary in the circumstances.

The scope of our audit covered classification and selection activities of the Classification and Selections Operations Bureau, the Planning and Development Bureau, and the Detroit Regional Office. Our audit was complemented by the Office of the Auditor General's audit of the Department's Automated Information Systems for the period October 1, 1992 through September 30, 1994. That audit report, issued June 22, 1995, disclosed one material weakness related to the internal control structure over information systems used in the Department's administration of classification and selection activities.

To accomplish our audit objectives, we conducted a preliminary survey of classification and selection activities administered by the Department and reviewed the Department's organizational structure, annual management plans, and performance objectives. We evaluated, on a test basis, classification and selection activities to determine the accomplishment of Department performance objectives. We reviewed the internal control structure over classification and selection activities to determine the reliability of the information contained in the Department's data systems. In addition, we evaluated the Department's efforts to comply with applicable State and federal laws and regulations.

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<th>AGENCY RESPONSES AND PRIOR AUDIT FOLLOW-UP</th>
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<td>Our audit report includes 24 findings and 29 corresponding recommendations. The Department agreed with 20 of the recommendations and informed us that it has taken or will take steps to comply. The Department also informed us</td>
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that it expects its Workforce Acquisition Business Processes Reengineering Project to address the remaining 9 recommendations.

The Department had complied with 38 of the 43 prior audit recommendations included within the scope of our current audit. The other 5 recommendations are repeated in this report.