
Secretary of State

State of Oregon

APPOINTMENTS TO STATE SERVICE



Audits Division

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Auditing for a Better Oregon

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This audit of state appointment activities found that most vacant positions were properly announced and filled competitively with qualified personnel. The audit, however, identified a need for state agencies to better comply with those laws, rules, policies, and procedures governing appointments. In particular, state agencies could better ensure that direct (noncompetitive) appointments are proper and remain exceptions to the state's standard method of filling positions through competitive recruitment.

The audit also identified the need for agencies to improve their review of applicants' reported qualifications, to have more consistent employment testing procedures, and to fill vacant professional-level positions in a more timely manner. In addition, the audit revealed that the state could more economically meet some of its short-term workload needs if agencies were allowed to use temporary employees rather than seasonal employees.

We believe that with modest effort state officials could effectively address most of these issues.

OREGON AUDITS DIVISION

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SUMMARY

PURPOSE

The primary purpose of this audit was to evaluate state agencies' compliance with key requirements governing appointments. In addition, we evaluated agencies' review of applicant qualifications, employment testing, the timelines by which agencies filled vacant positions, and the extent to which the state was meeting its seasonal employment needs economically and in compliance with state requirements.

BACKGROUND

The state of Oregon employs approximately 32,800 persons with an annual payroll exceeding \$1.3 billion. During fiscal year 1995-96 the state filled approximately 9,000 vacant positions. Under ORS 240.306 the recruiting, selecting, and promoting of most state employees must be competitive and based on qualified applicants' relative ability, knowledge, experience, and skills.

RESULTS IN BRIEF

We reviewed appointments made by 24 state agencies and found that most vacancies were properly announced, the selection process was usually competitive, and almost all of the persons appointed met or exceeded the minimum qualifications established for the position. Still, we found opportunities for improvement. At least one key law, rule, policy, or contract provision was not followed in 14 (16.7 percent) of the 84 appointments we sampled. The most prevalent problem was a lack of required documentation to support the hiring process. Direct (noncompetitive) appointments, most often used in filling management positions, were usually not documented. The state lacked effective procedures to ensure that direct appointments were proper and remained exceptions to the state's standard method of filling positions through competitive recruitment.

Agencies were generally effective in screening employment applications to exclude ineligible applicants, incomplete applications, and applications by

underqualified persons. Exceptions did occur, however, showing a need for consistent and reliable procedures to verify applicants' education and work experience claims. Also, we found that several agencies did not have consistent employment testing procedures for assessing applicants' ability to perform the work.

We also questioned the amount of time taken to fill vacant professional-level positions, averaging more than 14 weeks. The delay could be costing the state qualified applicants who find other jobs while a state job is vacant. Agencies could shorten the process by acting more expeditiously in opening recruitments and in conducting employment tests.

Not all seasonal positions were being filled in the manner allowed by the statutes, with some individuals continuously occupying seasonal positions for years. For some short-term jobs, the state could have saved an estimated \$2.3 million annually through lower salary and benefits payments if agencies had been allowed to use temporary rather than seasonal workers. In order for the state to achieve any cost savings, the Legislative Assembly would have to revise current law and the state would have to renegotiate collective bargaining agreements.

RECOMMENDATIONS

To improve accountability and compliance with state requirements and to increase efficiency, we recommend that:

1. Agencies consider using appointment file checklists as a reminder to document the performance of each key step in the process, and to show the location of required documentation.
2. Agency management provide adequate oversight of recruitment and selection procedures to ensure compliance with applicable requirements.
3. The Oregon Department of Administrative Services (DAS) consider amending the state's rules to define documentation and records retention requirements for state appointments and to provide clear standards for appointment file contents.

4. DAS make special efforts to communicate to agency personnel officers the requirements for direct appointments.
5. DAS consider establishing controls to limit improper direct appointments. This could include controls in the state's automated personnel system whereby the appointment method code would be a required data element. Failure to enter the code could prevent changes to the state's payroll system. Likewise, appointment summaries with a direct appointment code could be placed in a suspense file for review or authorization by management and DAS.
6. DAS's human resources auditors target direct appointments for regular compliance assessment.
7. Agency personnel staff ensure that minimum requirements are met by coordinating with the hiring manager on technical questions regarding applicant qualifications.
8. Agencies require hiring managers to document their contact with references. The contact and documentation should include verification that the individual has the claimed amount of qualifying experience.
9. Hiring agencies require applicants to submit official transcripts of college work whenever higher education is used as a qualifying factor.
10. State managers and personnel officers learn and consistently apply DAS's recommended interview test procedures.
11. Whenever possible, state agencies attempt to present interview test panels with at least three qualified applicants.
12. Agencies evaluate their activities at each step of the hiring process and identify the time required to perform them. They should consider establishing time standards based on their evaluation and investigate deviations from the standards.
13. The Legislative Assembly consider amending relevant portions of ORS chapter 240 to allow agencies to

meet their temporary and seasonal workload needs with temporary employees. The state should attempt to reflect these changes in its collective bargaining agreements.

INTRODUCTION

The state of Oregon employs approximately 32,800 persons in more than 800 job classifications. These include regular full- and part-time employees, seasonal employees, and temporary workers, but not employees of the State System of Higher Education. During fiscal year 1995-96, the state's payroll totaled approximately \$1.3 billion. That same year, the state filled approximately 9,000 vacant positions, not including temporary jobs.

ROLES AND RESPONSIBILITIES

The Human Resource Management Division (division) of the Oregon Department of Administrative Services (DAS) is responsible for administering the state's personnel system. Among the division's duties are establishing and maintaining a roster of all state employees; issuing personnel rules, policies, and procedures; auditing agency personnel programs to ensure that agencies comply with established rules; developing and maintaining the state's classification and compensation system; and providing training in state personnel rules and procedures.

Many personnel-related functions, including recruitment and selection, have been delegated to state agencies; some smaller agencies, boards, and commissions, however, rely on DAS for personnel services. Forty-five state agencies that we surveyed reported a total of 278 personnel positions involved at least partially in the recruitment and selection of state employees.

CATEGORIES OF STATE SERVICE POSITIONS

Sections 240.195 through 240.212 of the *Oregon Revised Statutes* (ORS) define four categories of positions in state service. These include:

- Classified service. Includes all positions in state services except those in the following categories;
- Unclassified service. Includes various positions such as agency heads and administrators, employees of the governor's office, members of the Oregon State Police, and attorneys employed in their professional capacity;

- Exempt service. Includes persons in elective office and various positions such as part-time members of boards and commissions, judges, jurors, and officers and employees of the Legislative Assembly;
- Management service. Includes all positions not in the unclassified or exempt service that have been determined to be “confidential employees,” “supervisory employees,” or “managerial employees” defined by ORS 243.650.

In addition, State Policy 40.055.01 defines another general position category titled executive service. According to the policy, executive service positions are part of the exempt or unclassified service and generally include agency heads, deputies, and principal assistants.

The state’s personnel laws and rules do not apply similarly to all position categories. For example, positions in the unclassified, exempt, and management service are exempted from most requirements of ORS chapter 240. DAS has developed rules and policies that are applicable to classified, management service, and executive service positions; these include appointment procedures.

APPOINTMENT PROCESSES

State positions may be filled in several ways, but generally competitive recruitment and selection procedures are standard. The laws and rules also provide for noncompetitive appointments to provide on-the-job qualifying experience, to return persons to employment who have been laid off, to facilitate the employment of qualified persons who are economically disadvantaged, and other reasons.

DAS has identified as many as 26 steps in a typical competitive recruitment and selection process. Generally, the process to fill a vacancy begins when an agency manager obtains lists of eligible candidates that are maintained on-line by DAS or the individual agencies. After first considering individuals listed on injured worker and layoff lists, the hiring manager may use the following lists, at their discretion, with sequence optional:

- Agency promotion. Includes the names of an agency's employees who meet the qualifications for the position and pass appropriate promotional tests, if any;
- Statewide promotion. Includes the names of state employees who meet the qualifications for the position and pass appropriate promotional tests, if any;
- Statewide transfer. Includes the names of qualified state employees who desire a transfer to a position of the same classification, at the same or lower salary level; and
- Open competitive. Includes the names of persons seeking employment with the state who meet the qualifications for the position and pass appropriate entrance tests, if any.

If no appropriate list exists, or if the list is near the expiration date, the hiring manager submits a recruiting request to DAS or to the agency's personnel officer. The job opening is announced by posting the vacancy to an on-line and hard copy list of state jobs that is maintained by DAS. Individual job announcements are posted on the Internet, accessible through the Oregon Home Page, and via telephone on the State of Oregon Job Hotline. Vacancies are also announced by the appointing agencies. Some jobs are announced through classified advertising, by direct mailing to targeted publications, or both.

Applications are received for at least two weeks following the opening, and applicants must respond by the prescribed deadline. DAS or agency personnel officers evaluate and rate the applications according to the reported qualifications and prepare a list of qualified applicants. Using the list, the hiring manager determines the number of applicants to be interviewed, and interviews are offered. All certified severely disabled persons who meet the minimum qualifications for the position are invited to interview in addition to the other applicants.

An interview panel is formed, and interviews of applicants are conducted using standard questions and scoring procedures. For some positions, additional skill tests, such as written tests or physical ability tests, are required. The results of applicants' tests are reviewed by the hiring manager, who may select an applicant, contact references

to verify reported qualifications, and extend a job offer. Once an offer is accepted, the unsuccessful applicants are notified of the decision.

SCOPE AND METHODOLOGY

The purpose of this audit was to evaluate the extent to which state agencies complied with key requirements governing the state's appointment processes. To this end, we evaluated activities and results of randomly selected appointments to state service made in fiscal year 1995-96. Also, we evaluated the timeliness by which agencies filled vacant positions, and the involvement of agency personnel officers in recruitment and selection activities. In addition, we evaluated the extent to which the state is meeting its seasonal employment needs economically and in compliance with state requirements.

To achieve our objectives, we:

- Reviewed authoritative guidance, including state laws, rules, policies, procedures, and collective bargaining agreements, and assessed the state agencies' compliance with regulations that related to our audit objectives;
- Obtained data runs from the department's Personnel and Position Data Base, from the department's Oregon State Payroll System, and from individual agencies;¹
- Interviewed department staff, agency hiring managers, and agency personnel officers;
- Interviewed and obtained information from personnel staffs in various public and private sector organizations;
- Reviewed and evaluated employment and payroll records for state seasonal employees;

¹ Previous audits on the Personnel and Position Data Base and the Oregon State Payroll System by the Oregon Audits Division concluded that the systems' controls were generally adequate and that the data produced by both systems were reliable.

- Investigated complaints and allegations concerning state appointment practices received through the Oregon Audits Division's Fraud, Waste and Abuse Hotline; and
- Randomly selected and reviewed state records of 84 appointments made in fiscal year 1995-96 by 24 state agencies. Our sample included new appointments, promotions, transfers, reassignments and reappointments in the classified, unclassified, exempt, management, and executive service categories. From a total of 7,368 appointments we randomly selected names of appointees to positions at three salary levels.² Our goal was to achieve at each salary level a compliance assessment reliability of 90 percent with a 10 percent margin of error. We reviewed all available documentation in the appointment file, including recruiting announcements, job applications, and interview tests. These salary levels were:
 - * Office/technician level: salary ranges 15 through 17. The average annual starting salary for the 28 sampled appointees in this group was \$21,930 and ranged from \$18,492 to \$34,380.
 - * Professional level: salary ranges 23 through 27. The average starting salary for the 31 sampled appointees in this group was \$35,235 and ranged from \$27,132 to \$44,616; and
 - * Management level: salary ranges 34 through 38. The average starting salary for the 25 sampled appointees in this group was \$61,994 and ranged from \$49,176 to \$76,332.

This audit was conducted in accordance with generally accepted government auditing standards. We limited our review to the areas specified in this section of the report.

² For our sample, we did not include appointments of employees of the State System of Higher Education, board members, temporary employees, seasonal employees, officers of the Legislative Assembly, district attorneys, or judges.

AUDIT RESULTS

NEED TO IMPROVE COMPLIANCE WITH RULES AND PROCEDURES

We found that managers could improve compliance with the state's legal and procedural requirements in filling positions. In our random sample of 84 appointments to state positions in the fiscal year July 1, 1995, through June 30, 1996, 14 (16.7 percent) were not in compliance with at least one key law, rule, policy, or contract provision. In addition to the legal requirements, the state has developed procedures that are recommended to help agencies select the best applicants and avoid violations in hiring. The available evidence, however, showed that 27 of the 84 appointments (32 percent) were not done according to one or more of the recommended procedures we tested. Most of the problems occurred in the following areas:

- Documentation of appointment activities was not retained;
- Required authorizations were not always obtained;
- Employment testing procedures were inconsistent; and
- Ineligible or underqualified applicants were not disqualified.

Except in cases in which ineligible or underqualified applicants were appointed, it is likely that most of the problems did not affect the appointment outcomes. In addition, the state's financial risk of successful claims as a result of improper recruitment and selection procedures appeared low. According to the Risk Management Division of the Department of Administrative Services (DAS), four claims were filed against the state for procedural issues related to appointment activities during fiscal year 1995-96. Of these, one claim was settled for \$3,000.

Lack of adequate documentation to support hiring decisions was a prevalent issue. Adequate documentation of recruitment and selection processes is needed to render an account of the activities and to show the basis for candidate selection. Of the 84 appointment files we reviewed, 49 (58 percent) lacked key documentation necessary to support

the hiring decisions. These included 10 files (11.9 percent) that did not have documentation specifically required by a rule or policy.

Documentation and records retention requirements for executive service appointments are described in state policy, and those for direct (noncompetitive) appointments are described in state rule. For other appointments, affecting the majority of state employees, state officials are expected to follow DAS procedures. Agencies most often did not prepare or retain the following evidence:

- Job applications showing applicants' qualifications;
- Authorizations and requests required by law, rule, or policy; and
- Employment tests, test scoring methods, and test results.

Conclusion

The prevalent lack of required documentation to support hiring decisions in many agencies indicated that state officials need to place a higher priority on complying with the requirements. Following established rules and suggested procedures is necessary to protect and demonstrate the integrity of the state's recruitment and selection processes.

Recommendations

1. Agencies should consider using appointment file checklists as a reminder to document the performance of each key step in the process and to show the location of required documentation.
2. Agency management should provide adequate oversight of recruitment and selection procedures to ensure compliance with applicable requirements.
3. DAS should consider amending the state's rules to define documentation and records retention requirements for state appointments and to provide clear standards for appointment file contents.

NEED FOR ACCOUNTABILITY IN DIRECT APPOINTMENTS

Direct (noncompetitive) appointments are an exception to the state's standard method of filling positions through competitive recruitment and selection.³ The evidence indicated that direct appointments are often not in compliance with state rules and policies and frequently used in filling higher-level executive service positions.⁴ The state lacks controls to ensure that direct appointments are made only in exceptional cases, where specifically authorized by state laws or rules, and in accordance with state procedures.

According to *Oregon Revised Statutes* (ORS) 240.306, Oregon Administrative Rules (OAR) 105-40-005, and State Policy 40.055.01 (1), the state's standard procedure is to competitively recruit to fill positions. Based on our sample results, the state appears to be substantially in compliance with this procedure for some, but not all, classifications. We found only one direct appointment among the 59 office/technician-level and professional-level positions in our sample. Direct appointments were used to fill 10 of the 25 management-level positions (40 percent) in our sample, however, and eight of these were executive service positions.⁵

OAR 105-40-030 provides that to receive a direct appointment, an individual must meet the minimum qualifications of the position or be able to meet them within 12 months of the appointment. Among the conditions under which a direct appointment is allowed are the following:

- A recent open competitive recruitment (within the previous six months) resulted in no suitable applicants as determined, documented, and certified by the agency head, or

³ State policy 40.025.01 provides for temporary noncompetitive appointments to meet short-term or unexpected workload demands in situations in which the establishment of a permanently funded situation is not appropriate or feasible. OAR 105-40-035 provides for limited competitive and noncompetitive appointments to specific classified service positions for economically disadvantaged persons who meet certain criteria. None of the appointments in our random sample were made under these provisions.

⁴ Positions in executive service generally include the agency head, the deputy or deputies to the agency head, and the principal assistants who are managers of major agency divisions.

⁵ Our sample included only higher-level management positions, those at salary ranges 34 through 38.

- It is an executive service position and an exception has been granted by the DAS director.

We found that five of the 11 direct appointments in our sample were not properly authorized. All were to executive service positions that did not include competitive recruitment efforts and that did not receive the DAS director's authorization prior to appointment.

OAR 105-40-030 requires each direct appointment to be documented and the evidence retained for a minimum of three years. The required documentation includes the results of any open competitive recruitment effort, the qualifications of the individual selected, and the agency appointing authority authorization signature. We found virtually no relevant or required information in nine of the 11 appointment files. Only one of the direct appointment files in our sample had information about the appointee's qualifications. It is likely that most, if not all, of the other direct appointees were qualified. None of the files, however, contained evidence that some kind of employment qualification review, such as an interview, was performed.

During our audit, we received through the Audits Division's Fraud, Waste and Abuse Hotline several allegations concerning direct appointment activity. Our review of the nine questioned appointments revealed two compliance exceptions. In both cases, a direct appointment was made to an executive service position without a prior competitive recruitment effort and without the DAS director's authorization.

Other questionable direct appointments to executive service positions came to our attention during fieldwork. In one case, an agency requested authorization to directly appoint four individuals. The request was authorized; as of the date of the authorization, however, three of the four individuals had already been appointed. In another case, managers in two agencies executed an agreement whereby one of the agencies directly appointed an individual to an executive service position and then "loaned" the individual back to the other agency. This direct appointment was not authorized by the DAS director.

Two state managers we interviewed viewed competitive appointments as less cost-effective than direct appointments in

circumstances in which a qualified candidate has already been identified and the likelihood of hiring that candidate is high.

DAS's automated personnel information system showed that in the 1995-1997 biennium, 373 direct appointments were made. We question the accuracy of this figure, however. We found that the actual number of direct appointments made during a period is not readily obtainable. As we mentioned previously, direct appointments requiring authorization were not always reported to DAS. A personnel manager in one state agency said that his agency did not seek the DAS director's authorization for direct appointments because the agency works under the assumption that it is exempt from the requirement.

DAS's automated personnel information system, if used properly, could help track direct appointments and ensure that they are subject to DAS approval. The system has the capability to track the appointment method used to hire each employee through the use of an appointment method code. State procedures require agencies to enter the code, but the system will process without it. Consequently, we found that agency staff often omits the appointment method code. For example, in reviewing the appointments of five employees to 19 positions at various times between January 1990 and May 1997, we found no appointment method code shown for 10 of the positions.

In addition, some agencies were incorrectly entering a direct appointment code for some competitive executive service appointments because of misunderstandings about how to use the automated system's coding options. DAS human resources auditors also had identified this problem.

The need to monitor and control direct appointment activity will increase as a result of the passage of Senate Bill 24 during the 1997 session. The bill amended portions of ORS chapter 240 to allow agencies to make direct appointments to positions requiring skills in high demand. According to management, the time required for a typical competitive recruitment and selection process renders the state unable to make timely job offers to individuals with sought-after skills. DAS management expects to start the rule-making process in fiscal year 1997-98 to clarify procedures for implementing the law.

Conclusion

The evidence indicated that direct appointments were often not done in compliance with state rules and policies and are frequently used in filling executive service positions. DAS needs to establish controls and increase its monitoring to ensure that direct appointments are proper and remain exceptions to the state's standard method of filling positions through competitive recruitment.

Recommendations

4. DAS should make special efforts to communicate to agency personnel officers the requirements for direct appointments.
5. DAS should consider establishing controls to limit improper direct appointments. This could include controls in the state's automated personnel information system whereby the appointment method code would be a required data element. Failure to enter the code could prevent changes to the state's payroll system. Likewise, appointment summaries with a direct appointment code could be placed in a suspense file for review or authorization by management and DAS.
6. DAS's human resources auditors should target direct appointments for regular compliance assessment.

NEED TO VERIFY APPLICANTS' QUALIFICATIONS

Although documentation of appointee qualifications was missing for 15 of the 84 appointees in our sample, almost all other appointees were shown to be eligible for consideration and appeared to meet or exceed the minimum qualifications of the position. The evidence also revealed a need for some agencies to strengthen pre-employment verification procedures.

Minimum Qualifications

ORS 240.010 establishes a state system of personnel administration based on merit principles, and ORS 240.306 requires appointments to be made from qualified applicants. In implementing the law, an important step is screening

employment applications to accept only those showing that the individual is eligible to apply and meets the minimum qualifications. In some recruitments, eligibility is restricted to current employees of the appointing agency. Another step involves verifying applicants' claims about their qualifications before offering employment.

According to DAS procedures, staff members reviewing employment applications are to reject incomplete applications and applications showing that the individual does not meet the minimum requirements. From our sample, we reviewed job applications completed by 194 finalists for 39 competitive appointments. We compared applicants' reported qualifications—related experience and training—to the job requirements and found the initial screening was generally effective. Four of the 194 finalists (2.1 percent) did not appear to meet all the minimum qualifications, however, and three of these individuals were appointed. In addition to those not appearing to meet the minimum requirements, we identified four appointees who submitted incomplete applications.

We reviewed in detail the files for 79 appointees.⁶ More than three-quarters (77 percent) showed that the appointee met or exceeded the minimum qualifications. Fifteen of the cases (19 percent) lacked sufficient evidence to show whether or not the appointees met the minimum qualifications. As mentioned previously, the remaining three appointees did not appear to meet the minimum qualifications, although one of these was justified in writing based on the appointee's specialized language skills. The state rules provide that persons who do not meet the minimum qualifications, but who show the ability to meet the qualifications within 24 months of the appointment (12 months for direct appointments), can be appointed as an underfill to the regular position. One of the three questioned cases was an underfill appointment.

During our fieldwork, we received allegations that two management positions in two different agencies had been filled with individuals who did not meet the minimum requirements. Our review of the appointment records showed that in one of the cases a competitive recruitment was held; however, the appointee appeared to lack the required amount

⁶ Four interagency transfer appointments and one reappointment were not usable because job applications were not required and therefore employee qualification data were not available.

of qualifying experience established for the position. It was not an underfill appointment.

Reference Verification

In considering an individual for appointment, it is reasonable to expect hiring managers to contact references and verify applicants' claimed work experience, skills, and abilities. From our sample of 84 appointments, 53 were the result of competitive recruitment and selection processes. Of the 53 appointments, 34 resulted in promotions of current agency employees and, of these, references were contacted and documented in nine cases. According to one manager, references were not called in agency promotions because it was assumed that reference checks were done when the person was first employed.

Another 19 competitive appointments involved individuals who did not work for the agency. Of these, references were contacted and documented in only eight cases.

We noted that, among the agencies, the Oregon State Police had the most extensive pre-employment verification procedures. For example, in considering one state trooper recruit, the agency contacted 26 references; for another recruit, 25 references were contacted.

We found that most agencies placed a low priority on confirming applicants' educational attainment. In only four of the 53 competitive appointments (7.5 percent) were applicants required to submit transcripts to prove their educational claims.

Conclusion

The processes used to screen applications were generally effective in excluding ineligible applicants, incomplete applications, and applications by underqualified persons. Exceptions did occur, however, signaling a need to strengthen verification efforts before offering employment. Without appropriate verification of an applicant's qualifications, management cannot be assured that the appointee has the necessary ability, knowledge, and experience for successful job performance.

Recommendations

7. Agency personnel staff should ensure that minimum requirements are met by coordinating with the hiring manager on technical questions regarding applicant qualifications.
8. Agencies should require hiring managers to document their contact with references. The contact and documentation should include verification that the individual has the claimed amount of qualifying experience.
9. Hiring agencies should require applicants to submit official transcripts of college work whenever higher education is used as a qualifying factor.

NEED FOR CONSISTENT TEST PROCEDURES

In competitive recruitment and selection processes, applicants who have passed the initial screening for qualifications may participate in employment testing. According to DAS procedures, a common testing method for new appointments and promotions is an interview by a panel of knowledgeable persons. OAR 105-40-005 (b)(B) states that any tests administered are to be competitive, unbiased, and of such content as to assist in determining an applicant's qualifications to perform the work. DAS provides recommended interviewing procedures and training to help agencies implement this rule.

We found several appointments with interview tests that were well documented and in compliance with procedures recommended by DAS. In 15 of the cases, the appointments were very competitive with 10 or more applicants interviewed. In more than a third of the cases, however, interview tests were not performed or were inadequately documented.

Of the 84 cases in our sample, 69 contained information about interviews. Of the 69, interview tests were:

- Conducted and partially or fully documented in 44 cases (63.8 percent);

- Reportedly conducted but not documented in 12 cases (17.4 percent); and
- Not conducted in 13 cases (18.8 percent).

According to DAS procedures, interview panel members are to rate applicants on knowledge and skill factors that have been determined by job analysis to show a clear, demonstrable relationship to the duties and responsibilities of the position. We found this objective was generally met. Of the 44 files with interview documentation, the majority, 40 (90.9 percent), showed that the questions asked by interviewers related to the job requirements.

Although DAS procedures recommend that interviewee responses be scored, panelists did not always do so. Of the 44 files with interview documentation, 34 (77.3 percent) showed that responses were scored, leaving 10 (22.7 percent) that were not scored. In some cases, interviewee responses were not registered at all; in others, responses were registered but not assigned a value. In such cases, the hiring manager may be left without a measure of panelists' opinions about the applicants' suitability for the work.

We also found that some agencies lacked standards for scoring applicants' responses to interview questions. In the 44 cases that had interview test documentation, panelists were provided with written scoring criteria or guidelines in 18 (40.9 percent) of the cases, and no written criteria or guidelines in 26 (59.1 percent) of the cases. Although some interviewers were informed of the maximum number of points they could award for each question, they often were not provided criteria for assigning those points.

In the 44 cases, we found other problems that occurred less frequently, but cumulatively showed a need for more consistent interview testing. For example, in 10 cases the evidence showed that the interview panel was made up of only two persons. DAS recommends that interview panels include three persons. In 13 cases when competitive selection procedures were used, the hiring manager was a part of the interview panel. DAS discourages the hiring manager from participating in the interview panel to allow him or her to interview the top candidates more objectively.

In a related matter, we found four instances in which an interview panel was presented with only one candidate and

seven instances in which two applicants were interviewed. According to documentation in most of the files, the problem was due to a lack of interested qualified applicants. In some cases, however, the agency did not attempt to use alternative lists of qualified applicants or extend or reinstate recruitment efforts.

Conclusion

Employment testing is a cornerstone of the state's merit-based employment system. Several agencies apply consistent interview testing procedures; not all agencies do so, however. Without complete and consistent interview test information, management may not have a reliable assessment of the applicants' ability to successfully perform the work. Also, to more convincingly demonstrate competitive selection, interview test panels need to be presented with more than one or two qualified applicants.

Recommendations

10. State managers and personnel officers should learn and consistently apply DAS's recommended interview test procedures.
11. Whenever possible, state agencies should attempt to present interview test panels with at least three qualified applicants for consideration.

NEED FOR MORE TIMELY APPOINTMENTS OF PROFESSIONAL STAFF

The average length of time taken to fill vacancies for professional-level positions appeared excessive compared with state positions at other levels. Some of the delays that occurred might have been within the control of the hiring agency and could have been shortened.

The average time to fill all positions in our sample, from the date the position was vacant to the date of appointment, was 67 days (9.6 weeks). The average time varied from 77 days (11 weeks) for open competitive recruitments to 26 days (3.7 weeks) for noncompetitive appointments. Of the 31 professional-level positions in our sample, 23 (74 percent) were filled through open competitive recruitment.

We evaluated our time data according to salary level and found that the 31 professional-level positions took much longer to fill than office/technician-level and management-level positions. The average times from vacancy to appointment were:

- Office/technician: 36 days (5.1 weeks);
- Management: 55 days (7.9 weeks); and
- Professional: 101 days (14.4 weeks).

The time taken for professional-level positions compared unfavorably with job applicants' expectations for timeliness reported in a 1995 audit by the General Accounting Office (GAO). According to the audit, almost a third of the 2,140 federal appointees surveyed said that the amount of time between applying for a job and receiving a job offer became somewhat unreasonable to very unreasonable after six weeks. Although the appointment files we reviewed did not contain the date a job offer was made, for state professional-level positions, the average time between the close of the recruitment period and the date of the appointment was 62 days (8.8 weeks). Even when assuming that job offers were made 21 days before the date of appointment, the average time was still 41 days (5.9 weeks), close to exceeding the reasonable expectation limit reported in the GAO audit.

We reviewed the lengths of time between other points in the appointment process for professional-level positions. The minimum two-week recruitment period required for open competitive positions was a relatively small portion of the overall time taken, averaging 23 days (3.3 weeks). Delays also occurred in the period between the position vacancy and the opening date of recruitment; this interval averaged 34 days, with one taking 202 days and two taking 109 days. According to agency staff, budget uncertainties and organizational changes were usually to blame for delays in opening recruitments. The longer delays might also have indicated a lack of urgency to fill vacancies. Results of such delays could be cumulative, with one agency reporting a backlog of more than 200 positions to be filled.

Conclusion

The length of the hiring process could be costing the state qualified applicants who find other jobs while the state job is

vacant. It appears that in some cases agencies could shorten the process by acting expeditiously in opening the recruitment period and in conducting employment tests.

Recommendation

12. Agencies should evaluate their activities at each step of the hiring process and identify the time required to perform them. They should consider establishing time standards based on their evaluation and investigate deviations from the standards.

NEED TO RECONSIDER USE OF SOME SEASONAL POSITIONS

State agencies that use seasonal employees should evaluate their practices to ensure that seasonal positions are being used as intended and in a cost-effective manner. According to ORS 240.425, a seasonal employee is one who fills a position that occurs, terminates, and recurs periodically and regularly regardless of duration. During fiscal year 1995-96, 11 agencies employed 2,522 seasonal employees who earned approximately \$15.3 million in salary.

Improper Use of Seasonal Positions

We reviewed employment records of those seasonal employees and found that although the law clearly requires the work to be of a periodic nature, 249 seasonal employees (10 percent) worked all 12 months of fiscal year 1995-96. Of the 249 employees, 52 (21 percent) had worked continuously in a seasonal position for two to five years, and 38 (15 percent) had worked continuously in a seasonal position for more than five years. This use of seasonal positions, which was confined to three of the 11 agencies reviewed, does not comply with the statute's requirement that a position occur, terminate, and recur periodically. Because of the similar salary and benefits, we identified no fiscal impact to the state from allowing individuals to work continuously as seasonal employees rather than as permanent employees.

**Need to Reconsider
Restrictions on Temporary
Employees**

For many positions currently filled by seasonal employees, the state could save money if agencies were allowed to use temporary employees. ORS 240.309 restricts the use of temporary employees to emergency, nonrecurring, or short-term workload needs of the state. Collective bargaining agreements establish seasonal employees' eligibility for salary increases and require the state to pay seasonal employees the same benefits as permanent employees. Seasonal employees are entitled to permanent status as regular seasonal employees after successfully completing trial service, a minimum of 1,040 hours. Unlike temporary employees, seasonal employees become eligible for state benefits including medical benefits, sick leave, holiday pay, and vacation. The resulting cost difference between seasonal and temporary employees can be substantial. To illustrate, during fiscal year 1995-96 the 2,522 seasonal employees earned approximately \$4.4 million in benefits that would not have been paid had all been temporary employees.

According to some state managers, seasonal employees may work more efficiently than temporary employees. Also, seasonal workers tend to return year after year, helping to ensure easier recruiting of appropriately skilled workers. The need for experienced returning workers may be important for certain specialized seasonal positions such as fish and wildlife biologists (State Department of Fish and Wildlife), firefighters (State Forestry Department), and highway maintenance specialists (Oregon Department of Transportation).

Some of the positions, however, do not require highly specialized training, and may have a more ready labor supply. Such positions include agricultural laborers, data entry operators, security guards, and office/clerical workers. Also, many of these seasonal positions last only one or two months, and may be suitable for filling with temporary employees. We estimated that in fiscal year 1995-96 if all seasonal positions in selected jobs,⁷ including those that lasted only

⁷ The positions that possibly could be filled with temporary employees included office assistants and specialists, executive support specialists, mail services assistants, data entry operators, word processing technicians, office coordinators, public information assistants, custodians, grounds and maintenance workers, laborers, property guards, agricultural workers, forest nursery workers, park conservation aides, and park aides.

one or two months, had been filled with temporary employees, the state could have saved \$1.9 million in benefits. In addition, because temporary employees are not eligible for salary increases, as are seasonal employees, a potential salary savings of \$400,000 could have resulted.

For our 1996 audit of the Department of Revenue's tax payment processing,⁸ we surveyed six other states' use of temporary employees. We found that the other states did not have the same restrictions on the use of temporary employees that Oregon does. They did not have laws similar to ORS 240.309 and 240.425, which restrict the kinds of positions that temporary employees can fill. Nor did the other states have unions that included the use of seasonal employees in their contracts. We concluded that if the department were allowed to use temporary employees instead of seasonal employees to process peak workloads, the state's tax processing costs could be reduced by as much as \$321,000 annually.

Conclusion

Not all seasonal positions are being filled in the manner allowed by the statutes. In addition, for some jobs the state could save money through lower salary and benefits payments by using temporary rather than seasonal workers. In order for the state to achieve any cost savings, the Legislative Assembly would have to revise current law and the state would have to renegotiate collective bargaining agreements.

Recommendation

13. The Legislative Assembly should consider amending relevant portions of ORS chapter 240 to allow state agencies to meet their temporary and seasonal workload needs with temporary employees. The state should attempt to reflect these changes in its collective bargaining agreements.

⁸ Report number 96-13.

REPORT DISTRIBUTION

This report is a public record and is intended for the Oregon Department of Administrative Services management, the governor of the state of Oregon, the Oregon Legislative Assembly, and all other state agencies and interested parties.

COMMENDATION

The courtesies and cooperation extended by officials and employees of the Oregon Department of Administrative Services, and the 23 other state agencies during the course of this review were commendable and sincerely appreciated.

AUDIT TEAM

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AGENCY'S RESPONSE TO THE AUDIT REPORT

November 26, 1997

John Lattimer, Director
Audits Division
Secretary of State
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DEPARTMENT OF
ADMINISTRATIVE
SERVICES

HUMAN RESOURCE
SERVICES DIVISION

We appreciate the opportunity to respond to the recent audit report on Appointments to State Service. We were pleased with the audit results which indicate that for the most part vacant positions are properly announced and filled competitively with qualified personnel. Attached is the Department's response to the individual audit recommendations.

The audit found that in some instances there was a need for state agencies to improve compliance with rules and policies; more closely verify applicant's qualifications; implement consistent testing procedures and strive for more timely appointment of professional staff. It also recommended that DAS more closely monitor direct appointments and that the legislature reconsider the state's use of temporary employees. The Department generally agrees with these audit conclusions.

The Human Resource Services Division will review applicable rules and policies to ensure they are clear and inclusive. We will also incorporate procedures into relevant policy clarification sections, continue to encourage agencies to follow rules and policies and we will offer training to state agencies on appropriate recruitment and selection procedures.

We believe this audit serves as a reminder that the recruitment and selection process is an important part of human resource administration and should be proficiently managed by agency personnel staff.



Daniel Kennedy
Administrator

cc: Jon Yunker, Director

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DAS RESPONSE TO AUDIT RECOMMENDATIONS

NEED TO IMPROVE COMPLIANCE WITH RULES AND PROCEDURES

1. Agencies consider using appointment file checklists as a reminder to document the performance of each key step in the process and to show the location of required documentation.

Support - provide agencies with sample checklist form.

2. Agency management provide adequate oversight of recruitment and selection procedures to ensure compliance with applicable requirements.

Support - agencies should comply with applicable rules and policies.

3. DAS consider amending the state's rules to define documentation and records retention requirements for state appointments and to provide clear standards for appointment file contents.

Support - add to policy clarification (currently in procedure manual).

NEED FOR ACCOUNTABILITY IN DIRECT APPOINTMENTS

4. DAS make special efforts to communicate to agency personnel officers the requirements for direct appointments.

Support - use HR Share as a tool to communicate requirements of direct appointments and to encourage agencies to call generalist if they have questions on the requirements.

5. DAS consider establishing controls to limit improper direct appointments. This could include controls in the state's automated personnel system whereby the appointment method code would be a required data element. Failure to enter the code could prevent changes to the state's payroll system. Likewise, appointment summaries with a direct appointment code could be placed in a suspense file for review or authorization by management and DAS.

Support - make the appointment method code a required data element and generate a quarterly report on direct appointments.

DAS RESPONSE, Cont.

6. DAS's human resource auditors should target direct appointments for regular compliance assessment.

Support - direct appointments are included in the audit schedule as a recurrent audit.

NEED TO VERIFY APPLICANTS' QUALIFICATIONS

7. Agency personnel staff ensure that minimum requirements are met by coordinating with the hiring manager on technical questions regarding applicant qualifications.

Support - review of minimum qualification should be completed by trained personnel staff. Hiring managers should be consulted on the highly technical aspects of qualification review.

8. Agencies require hiring managers to document their contact with references. The contact and documentation should include verification that the individual has the claimed amount of qualifying experience.

Support - any activity in the recruitment and selection process should be documented.

9. Hiring agencies require applicants to submit official transcripts of college work whenever higher education is used as a qualifying factor.

Not support - the state would lose many valuable applicants who could not get copies of the transcripts in the required amount of time. However, if the recruitment requires specific course work this does require documentation.

DAS RESPONSE, Cont.

NEED FOR CONSISTENT TESTING PROCEDURES

10. State Managers and personnel officers learn and consistently apply DAS's recommended interview test procedures.
11. Whenever possible, state agencies attempt to present interview test panels with at least three qualified applicants.

Support - agencies should consistently apply recommended testing procedures and interview panels should consider all qualified applicants.

NEED FOR MORE TIMELY APPOINTMENT OF PROFESSIONAL STAFF

12. Agencies evaluate their activities at each step of their hiring process and identify the time required to perform them. They should consider establishing time standards based on their evaluation and investigate deviations from the standard.

State agencies must carefully weigh achieving timely appointments with the importance of finding the best candidate for the position. We agree that recruitment should be conducted as quickly and efficiently as possible and agencies should ensure that procedures are in place to promote this. However, this must meld with the desire to ensure that all recruitment avenues have been considered.

NEED TO RECONSIDER USE OF SOME SEASONAL POSITIONS

13. The Legislative Assembly consider amending relevant portions of ORS chapter 240 to allow agencies to meet their temporary and seasonal workload need with temporary employees. The state should attempt to reflect these changes in its collective bargaining agreements.

The DAS will consider proposing legislation that would address agency use of seasonal and temporary employees.

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This report is intended to promote
the best possible management of public resources.



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