Secretary of State
Oregon Audits Division
Recommendation Follow-up Report

Department of Administrative Services

Department of Administrative Services Should Enhance Succession Planning to Address Workforce Risks and Challenges

November 2018
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Secretary of State
Recommendation Follow-Up Highlights

November 2018

Department of Administrative Services

Department of Administrative Services Should Enhance Succession Planning to Address Workforce Risks and Challenges

Recommendation Follow-Up Results
The Department of Administrative Services (DAS) agreed with the original audit, which identified eight recommendations for implementing a succession planning framework. Our follow-up work shows DAS has fully implemented six of those recommendations since the initial report. This significant progress still requires a little more work to implement the remaining two recommendations.

Highlights from the Original Audit
The Secretary of State's Audits Division found that DAS should play a stronger leadership role in addressing key workforce risks and challenges within the state executive branch through enhanced workforce succession planning. Multiple factors indicate these risks and challenges are important including changing workforce demographics, and citizens' needs for essential services that require skilled and experienced staff.

Background
Our original audit reviewed succession planning within Oregon's executive branch. Succession planning is an ongoing management process used to ensure workforce continuity and effectiveness, particularly in key leadership and technical functions.

Purpose
The purpose of the audit was to determine if and how the State of Oregon could better plan for future key workforce needs, including preparing state employees to fill key roles. The purpose of this follow-up report is to provide a status on the auditee's efforts to implement our recommendations.

Key Findings
Within the context that effective succession planning is difficult, complex, and is frequently not a priority within the public sector, we found:

1. DAS has not developed or implemented a state-level succession planning framework, despite recognizing the importance of succession planning.

2. The lack of a succession planning framework increases workforce risks, such as not developing or retaining knowledgeable and skilled employees to perform critical functions.

3. These risks are exacerbated by demographic and economic trends, including increasing retirement rates, and a lack of formal succession planning processes within state agencies.

4. State agencies also report challenges, including inaccessible workforce information that may hinder strategic human capital management practices and should be addressed at a state level.

Introduction

The purpose of this report is to follow up on the recommendations we made to the Department of Administrative Services in audit report 2017-21, "Department of Administrative Services Should Enhance Succession Planning to Address Workforce Risks and Challenges."

The Oregon Audits Division conducts follow-up procedures for each of our performance audits. This process helps assess the impact of our audit work, promotes accountability and transparency within state government, and ensures audit recommendations are implemented and related risks mitigated to the greatest extent possible.

We use a standard set of procedures for these engagements that includes gathering evidence and assessing the efforts of the auditee to implement our recommendations; concluding and reporting on those efforts; and employing a rigorous quality assurance process to ensure our conclusions are accurate. Implementation status determinations are based on an assessment of evidence rather than self-reported information.

To ensure the timeliness of this effort, the division asks all auditees to provide a timeframe for implementing the recommendations in our audit reports. We use this timeframe to schedule and execute our follow-up procedures.

Our follow-up procedures evaluate the status of each recommendation and assign it one of the following categories:

- **Implemented/Resolved**: The auditee has fully implemented the recommendation or otherwise taken the appropriate action to resolve the issue identified by the audit.

- **Partially implemented**: The auditee has begun taking action on the recommendation, but has not fully implemented it. In some cases, this simply means the auditee needs more time to fully implement the recommendation. However, it may also mean the auditee believes it has taken sufficient action to address the issue and does not plan to pursue further action on that recommendation.

- **Not implemented**: The auditee has taken no action on the recommendation. This could mean the auditee still plans to implement the recommendation and simply has not yet taken action; it could also mean the auditee has declined to take the action identified by the recommendation and may pursue other action, or the auditee disagreed with the initial recommendation.

The status of each recommendation and full results of our follow-up work are detailed in the following pages.

Recommendation Implementation Status

Recommendation	Auditee Action	Status
1. Develop a statewide workforce succession planning strategy and framework, in consultation with state agencies and stakeholders, that provides consistent guidance and direction, but also allows agencies flexibility to manage within their unique situations.	DAS has developed a web page on its website that is devoted to succession planning. The webpage contains many resources, including definitions, answers to frequently asked questions, and a succession planning guide. DAS also includes a point of contact for questions and assistance.	**Implemented/ Resolved**
2. Provide specific guidance to state agencies on succession planning, similar to the toolkits provided by other states, including but not limited to: a) definitions of concepts for statewide use, such as defining workforce planning, succession planning and retirement eligibility;	DAS has developed a glossary of succession planning terms and included this glossary on its website.	**Implemented/ Resolved**
b) explanation of the key succession planning processes that should be used;	DAS's succession planning webpage provides several planning resources. These include an initial agency assessment tool, a critical position chart and tool, and a succession planning guide.	**Implemented/ Resolved**
c) tools and templates to inform succession planning such as tools to identify and analyze skills gaps or identify talent pools;	The succession planning page on DAS's website contains tools and templates, including a succession planning guide, several communication planning tools, and position planning tools.	**Implemented/ Resolved**

d) recommended metrics to measure performance; and	DAS has completed some work in this area, but at present, there are no metrics that would allow DAS or agencies to determine if succession planning efforts are adequate at either the agency or statewide level. DAS's succession planning guide briefly touches on performance measurement, highlighting a limited number of possible measures. DAS also reports that its staff are beginning to gather data, and some old HR systems contain metrics. DAS is hoping that Workday, its new statewide HR information system, will provide better data analytics tools.	**Partially implemented**
e) recommended approaches to meet public sector principles such as guidance on developing a communication plan for improved transparency.	Equity, merit, and fairness are components of DAS's succession planning guide, and transparency is identified in a description of values adopted by the Oregon Enterprise Leadership Team (ELT). This team includes more than 20 state agency directors. The values and competencies adopted by the ELT support succession planning principles. The values include accountability, integrity, equity, and excellence. DAS has also produced a set of communication tools to support succession planning. These tools include a communication strategy guide.	**Implemented/ Resolved**
3. Develop and implement processes to monitor, assess and address state agency efforts and state workforce risks to ensure critical positons are filled with qualified staff. This should include: a) regularly collecting information from state agencies about their actions and risks;	DAS has developed an annual survey it will send to state agencies. This survey collects information that allows DAS to monitor and assess agency efforts and state risks. DAS has also provided three employee survey tools for the agencies to use. These tools will provide agencies information on data needs and possible risks. DAS is also collecting agency level information as it provides technical assistance to the agencies.	**Implemented/ Resolved**

b) assessing workforce risks, such as retirement eligibility, from a state-level perspective; and	DAS's outreach efforts, annual agency survey tools, and the retirement eligibility data discussed in recommendation no. 6, will assist DAS and agencies in assessing retirement eligibility risks.	**Implemented/ Resolved**
c) Regularly communicating (e.g., by publishing online) workforce information to state agencies and stakeholders, such as the Legislature, public and labor organizations.	DAS has developed tools to communicate with agencies via its website, outreach activities, technical assistance efforts, and regular meetings with HR managers and agency directors. DAS is also communicating with stakeholders through its website and believes Workday will allow them to provide additional workforce data when it launches.	**Implemented/ Resolved**
4. Work with agencies to define essential data needs related to succession planning and ensure needs are met, including workforce demographics and retirement eligibility data.	DAS sought agency input regarding data needs when it developed the Workday business case. DAS plans to include these data elements in Workday.	**Implemented/ Resolved**
5. Work with PERS to obtain retirement eligibility data in order to improve the accuracy of workforce information used for broad succession planning strategies. Address any concerns about individual privacy and guard against any potential for age discrimination.	DAS has entered into an intergovernmental agreement with PERS to obtain limited retirement eligibility data on a regular basis. This data will be uploaded to Workday. Note: Physical access will not occur until DAS launches Workday.	**Implemented/ Resolved**
6. Provide guidance and training in the new human resource information system to state HR employees to ensure appropriate business process changes are made to support and capitalize on the new system, and to ensure data integrity.	Though Workday does not have a firm launch date, DAS has begun developing training materials and placing them on the Workday webpage.	**Partially implemented**

7. Expand on current opportunities for state agencies to share practices and coordinate with each other and DAS. This should include increasing outreach to agencies not represented at the HR advisors meeting, expanding opportunities at the HR directors meeting for agency collaboration and sharing, and reaching out to HR directors who do not regularly attend the HR directors meeting.	DAS is taking steps to foster cooperation and coordination through its succession planning efforts. Specific actions include: 1. Identifying and encouraging coordination and sharing as an important tool. 2. Providing support, training, and assistance to agencies seeking to coordinate and share information. 3. Encouraging agencies to work together when an opportunity for collaboration exists. DAS does this through its regular HR director's meetings, statewide communication outreach efforts, and in its daily communications with agencies including through existing tools, such as the statewide HR newsletter. 4. Hosting open events to all HR staff not represented at the either of the director level meetings.	**Implemented/ Resolved**
8. Work with state agency executives and HR personnel to address barriers in succession planning related to state HR policy, rules, or processes, by making adjustments when appropriate and providing guidance to agencies on how to achieve objectives within existing state structures.	DAS has taken steps to engage state executives in an effort to build awareness, and develop a statewide capacity to address barriers, including: 1. Presenting the succession planning project to the ELT. 2. Modifying its policy review process to include a review by ELT members and agency directors who are not ELT members. 3. Actively communicating with agencies through their outreach efforts noted in previous recommendations.	**Implemented/ Resolved**

Conclusion

DAS has made significant progress to implement the recommendations of the report. The agency developed a strategy and framework to manage succession planning. In addition, DAS developed the guidance and tools needed to get agencies started in their implementation of the succession planning framework. They have also communicated regularly with agencies and are providing support as requested.

This significant progress still needs a little more work to mitigate the unique risks identified in our original report. There are eight recommendations, two of which have multiple parts. As indicated in the status summary, we conclude DAS has completed sufficient work on six of the eight recommendations. One of the remaining two items, recommendation no. 2d, is about developing metrics to measure the performance of succession planning efforts. DAS has begun work on this, but has not yet created, or recommended, any metrics.

In DAS's response to the original audit, recommendation no. 6 was to be completed with the launch of Workday, a new statewide HR system. DAS has pushed the launch of Workday back many times, and has not yet set a firm launch date.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of DAS during the course of this follow-up work.

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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

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