

STATE OF WEST VIRGINIA
PERFORMANCE AUDIT
OF THE
DIVISION OF PERSONNEL

Failure to Consolidate
\$2 Million Surplus
Inadequate Recruitment Efforts
Lack of Personnel Management
Information System
Lack of Apprenticeship Programs
Increment Pay Policy Conflicts with Law

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PE95-09-30

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December 6, 1995

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The Honorable Joe Martin
House of Delegates
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1900 Kanawha Blvd. East
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Gentlemen:

Pursuant to the West Virginia Sunset Law, we are transmitting this Performance Audit of the Division of Personnel, which will be reported to the Joint Committee on Government Operations on Sunday, December 10, 1995. The issue covered herein is "Failure to Consolidate, \$2 Million Surplus, Inadequate Recruitment Efforts, Lack of Personnel Management Information System, Lack of Apprenticeship Programs, and Increment Pay Policy Conflicts with Law."

Sincerely,

A handwritten signature in cursive script, appearing to read "Antonio E. Jones".

Antonio E. Jones

AEJ/wsc

Enclosure

Joint Committee on Government and Finance

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WEST VIRGINIA DIVISION OF PERSONNEL

EXECUTIVE SUMMARY

The West Virginia Division of Personnel is the state's personnel agency. Responsibilities include the recruitment of applicants for state employment and the development of policies regarding the management of the state's workforce. In addition the agency is tasked with maintaining a Personnel Management Information System and the development of apprenticeship programs for those state agencies with apprenticable occupations, as well as providing training to the state government's workforce

This performance evaluation identified six areas of concern which are briefly described below.

Issue Area 1: The Division Of Personnel Has Failed To Consolidate All Personnel Functions Into A Cost-Effective Centralized Agency.

The goal in creating the Division of Personnel (DOP) was to "consolidate into the division of personnel those agencies and employees performing personnel functions...all personnel payroll positions and employees occupying those positions necessary to effectuate the purposes of this article shall be transferred to the division of personnel...no later than the last day of September 1989." This act, part of the reorganization of the executive branch of state government as stated in West Virginia Code §5F-1-1, was to achieve "a curtailment and reduction of governmental expenses and hold them (agencies and boards) within reasonable bounds consistent with the economical and efficient administration of governmental services." **However, the centralization and desired cost reductions associated with this consolidation have not occurred.**

Issue Area 2: The DOP as of June 30, 1995 Accumulated a Surplus Balance of Approximately \$2 Million by Assessing Agencies for Classified-Exempt and Vacant Positions and Neglecting to Reduce the Fee to Reflect the Cost of its Operations.

West Virginia Code §29-6-23 authorizes the DOP "to charge each agency, department, division, or unit of state or local government served by the DOP... for personnel services rendered." **The apparent assessment of classified-exempt positions, vacant FTEs and the reduction in staff within DOP without a reduction to the FTE fee has enabled the DOP to accumulate a surplus balance of approximately \$2 million over the last five years. As of June 30, 1995, DOP's cash balance was \$1.3 million in Fund Number 2440 with an additional \$787,000 in accounts receivable.**

Issue Area 3: DOP Recruitment Efforts Are Inadequate.

The DOP was created *"to attract to the service of this state personnel of the highest ability and integrity"* (WVC §29-6-1). Like a private sector organization that employs professionals such as managers, engineers, skilled craftsmen and information specialists, West Virginia state government's DOP must effectively recruit a workforce of the highest quality. However, the DOP relies on passive methods and applies few resources to recruitment. By using passive recruitment methods, the DOP leaves the creation and maintenance of a state government workforce of the highest ability and integrity to chance.

Issue Area 4: The Division of Personnel has never fully implemented a Computerized Personnel Management Information System.

One of the responsibilities of the DOP is to maintain a personnel management information system (PMIS). WVC §29-6-7 (b)(2) mandates the Director of DOP to: "Maintain a personnel management information system necessary to carry out the provisions of this article." **The DOP has not implemented a PMIS system to effectively carry out its mandate made by the 1989 legislation.**

Issue Area 5: DOP Has Not Fully Established Apprenticeship Programs, As Mandated By The WV Code.

The DOP has developed apprenticeship programs. However, **it is far from creating programs for all State agencies that have employees working in qualifying trades.** According to the DOP's Annual Report, there are approximately 100 apprenticable occupations within the State. Also, only 270 State employees out of approximately 4,000 eligible employees are currently enrolled in an apprenticeship program. **These 270 employees are concentrated in just 2 occupations and 2 state agencies.**

Issue Area 6: The Division Of Personnel Policy Regarding Increment Pay Conflicts With §5-5 Of The WV Code and Was Written Without Proper Authority.

The DOP's policy on increment pay is in conflict with §5-5 of the West Virginia Code. The DOP's policy allows permanent part-time employees to collect increment pay. In addition, the DOP's policy permits agencies to count past service from statutorily exempt positions as qualifying service for annual increment payment.

WEST VIRGINIA DIVISION OF PERSONNEL

Audit Objective, Scope and Methodology

Audit Objective, Scope and Methodology

This performance evaluation of the West Virginia Division of Personnel is required and authorized by the West Virginia Code in the "Sunset Law" (Chapter 4, Article 10). The responsibilities of the DOP are set forth in Chapter 29, Articles 1 through 26.

The objective of this evaluation was to determine if the procedures used by the DOP are consistent with the legislative purpose for creating the DOP. In particular, the evaluation focused on whether the DOP is providing the services which it is tasked with in §29-6.

The scope of the audit included the policies and procedures, and compliance with the state's law over the 1989 to 1995 period.

The methodology included personal interviews with DOP officials and officials from agencies which utilize the services of the DOP. In addition comparisons were made of similar agencies from around the country and the latest literature regarding civil service systems was reviewed as well as the policies and procedures used by the DOP to effectuate the intent of §29-6. A review of DOP's financial data was made and is included in the Appendix of the report. Every aspect of this review complied with **Generally Accepted Government Auditing Standards.**

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Issue Area 1: The Division Of Personnel Has Failed To Consolidate All Personnel Functions Into A Cost-Effective Centralized Agency.

The goal in creating the Division of Personnel (DOP) was to "consolidate into the division of personnel those agencies and employees performing personnel functions...all personnel payroll positions and employees occupying those positions necessary to effectuate the purposes of this article shall be transferred to the division of personnel...no later than the last day of September 1989."¹ This act, part of the reorganization of the executive branch of state government as stated in West Virginia Code §5F-1-1, was to achieve "a curtailment and reduction of governmental expenses and hold them (agencies and boards) within reasonable bounds consistent with the economical and efficient administration of governmental services." **However, the mandated centralization and desired cost reductions associated with this consolidation have not occurred.**

Lack of Centralization and Reduction In Workforce

The legislation stated that personnel employees and the functions they performed within the agencies were to be consolidated into this Personnel Division. The reorganization of the Civil Service Commission transferred 41 positions and the Governor's Executive Order #11-89 transferred an additional 76 positions from state agencies to DOP. However, the actual organizational structure and the paperwork flow processes did not change.

Based on Table 1, the DOP was centralized in September 1989; **however, DOP returned to its original status because the implementation plan was in direct conflict with the centralization of personnel and the Executive Order did not take into consideration that part of the positions being transferred should have been kept in the agencies to carry out the administrative duties being required in the implementation plan.** The plan stated that "positions which primarily involve these duties should be classified as administrative, not personnel."² **Executive Order 11-89 transferred all personnel positions from the agencies to DOP; however, positions needed by the agency to adequately fulfill the duties outlined in the reorganization plan were not considered prior to the transfer.** This resulted in agencies continuing to process paperwork and maintain personnel files but no personnel positions in their budgets to carry out these duties. We reviewed the Governor's Executive Order and noted some employees that were on the list to be transferred either did not transfer as was required or transferred to DOP only to return to an agency in a personnel position.

¹ West Virginia Code §29-6-9.

² Report to the Governor from the Implementation Project Team September 1989.

Table 1
History of Personnel Positions
By Full Time Equivalents (F.T.E.)

	Pre-Centralization	Centralization	Current
Civil Service\Division of Personnel	41	117	75
State Agencies	76	0	53
Total	117	117	128
Salaries		\$2,386,212	\$3,195,777

The September 1989 Implementation Project Team report to the Governor contained four key objectives to implement the legislation. These objectives were:

1. Design an organization structure for the new Personnel Division with appropriate roles, responsibilities and measures of performance delineated.
2. Develop an implementation strategy to staff the new Personnel Division with knowledgeable employees while maintaining critical services to the client agencies and departments.
3. Identify deficiencies, problems, add opportunities in current personnel practices and develop appropriate recommendations.
4. Develop processes to control and reduce the size of the state workforce.

The recommendations to carry out these objectives were specified as **duties to remain within the agencies**. This list of duties were:

- *time reporting and payroll posting,*
- *vocational and job training,*
- *employee file maintenance,*
- *initiation of requests to fill vacancies,*
- *agency or department communications*

The Performance Evaluation and Research Division (PERD) conducted interviews with the agencies to determine whether the objectives had been accomplished. According to the

interviews with agency personnel officials, the following comments were noted:

The creation of DOP took personnel, equipment and budgets; however, we are doing the same thing in 1995 as we were doing in 1989 despite losing personnel.

The mission of the DOP was ill conceived. We lost 15 professionals, but still had to do the work out of necessity. It increased the work load on us.

The creation of the DOP did not save money. We would have to do the same job if they were not there.

Therefore, under the reorganization plan, agencies are continuing to perform the same duties as was performed prior to the creation of DOP. **The implementation plan used to consolidate personnel functions appears to be in direct conflict with the Legislature's intent of centralization through the creation of DOP. In addition, Executive Order 11-89 did not recognize the personnel positions needed to perform these administrative duties.**

The plan implemented by DOP has misclassified employees at the agencies that are performing administrative personnel duties outlined in the reorganization plan so it could meet its mandate issued by the Legislature. Part of the reorganization was to "ensure orderly, equitable, consistent and efficient job classification and compensation for all employees." The employees performing administrative personnel duties are classified as Administrative Service Assistants or Administrative Service Managers. The review of job descriptions indicated the employees in the agencies were processing the WV-11's, maintaining personnel files and related personnel paperwork. **One DOP official stated, "The role of the user agencies and their personnel offices is to utilize these personnel functions in meeting the needs of their agency."** However, to force centralization, it was necessary to disallow agencies' personnel titles, thus creating misclassification of true personnel positions.

Reduction of Personnel Office Cost Did Not Occur

The ultimate goal of consolidation of personnel and personnel functions was to reduce the cost for personnel services. The 1990 consolidation involved the transfer of 117 employee positions (See Table 1) at an estimated annual salary cost of approximately \$2.4 million. DOP currently has 72 employees at a salary cost of \$1.9 million to carry out its mission. **This is a reduction of \$.5 million and 45 positions from DOP's budget. However, interviews conducted with various agencies' management indicate that at least 15 agencies are continuing to pay 56 personnel employees at a cost of \$1.3 million (See Table 2) to perform the duties as required in the reorganization plan.**

Table 2
Agencies' Personnel Staffing and Salaries

<u>AGENCY</u>	<u># of FTEs</u>	<u>SALARIES</u>
Division of Forestry	1	15,936
Division of Tourism	1.75	61,106
Division of Highways	8	227,808
ABCC	2	49,560
Workers' Comp & BEP	8	155,124
DHHR	7	129,932
Division of Motor Vehicles	1.5	25,428
Child Advocate	4	68,004
Dept. of Corrections	0.5	18,570
Division of Natural Resources	3	73,092
Culture & History	2	56,938
Division of Labor	1	31,000
Public Service	1	23,568
Division of Rehabilitation Services	5	127,932
Division of Environmental Protection	7	194,424

As of October 1995, DOP and various agencies employed 128 employees at an annual salary cost of \$3.2 million. Therefore, the desired cost reduction has not occurred because agencies are required to pay for employees to perform administrative personnel duties at a yearly cost of \$1.3 million and this is not reflected in overall cost to carry out personnel functions and duties. The agencies lost personnel, positions and budgets, but were required to expend funds to support employees to execute duties that agency personnel offices had been performing before the creation of DOP. In actuality, the present "centralized" system is costing \$810,000 more annually than the "decentralized" system in 1989.

Recommendation 1

The Legislature should legally recognize the present defacto situation by decentralizing the personnel functions the agencies in state government and create a merit system organization which is designed to support the user agencies' personnel offices in the following areas: Merit rules and regulations, Training and Classification and Compensation.

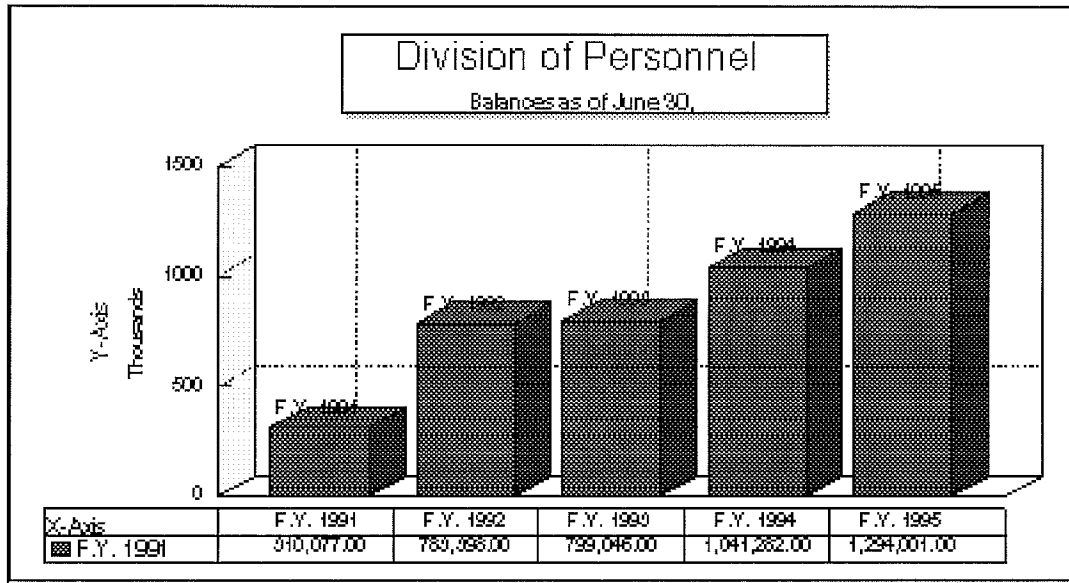
Issue Area 2: The DOP as of June 30, 1995 Accumulated a Surplus Balance of Approximately \$2 Million by Assessing Agencies for Classified-Exempt and Vacant Positions and Neglecting to Reduce the Fee to Reflect the Cost of its Operations.

West Virginia Code §29-6-23 authorizes the DOP "to charge each agency, department, division, or unit of state or local government served by the DOP... for **personnel services rendered ...The director shall maintain accurate records reflecting the cost of administering the provisions of this article.**" The DOP's budget is established by assessing fees based on the number of FTEs in each agency. The Department of Administration Personnel Management Information System (PMIS) *Report of Personal Services* by account indicates the total classified and classified-exempt FTE positions for fiscal year 1996 is 33,268. DOP's role with classified-exempt personnel is limited. The following is a summary of the classified-exempt positions PERD could determine from the Department of Administration's PMIS report.

<u>Classified Exempt Employees</u>	<u># of FTE positions</u>
Higher Education:	9,913
Legislative:	157
Judicial:	944
Board of Public Works:	639
State Police:	<u>935</u>
Total	<u>12,588</u>

The remaining 20,680 FTE positions are within state agencies, boards and commissions and within the 20,680, there are other classified-exempt positions, such as seasonal employees, department heads and policy-making positions. DOP's revenue is based on a \$155 per FTE for all positions within the Executive branch. The fee structure developed by DOP during reorganization was based on 117 personnel positions and related costs to operate DOP. During the past five years DOP has reduced its staff by 45 employees, however, it did not reduce the fee to reflect the cost reductions in personal services. **The apparent assessment of classified-exempt positions, vacant FTEs and the reduction in staff within DOP without a reduction to the FTE fee has enabled the DOP to accumulate a surplus balance of approximately \$2.3 million over the last five years. As of June 30, 1995, DOP's cash balance was \$1.3 million in Fund Number 2440 with an additional \$787,475 in accounts receivable. (See Table 3)**

Table 3
DOP's Ending Balances for the Past Five Years



The fees are for personnel services rendered; however, PERD questions the reasonableness of the amount being charged for the limited service provided to classified-exempt and vacant positions. DOP is charging agencies a flat \$155 per FTE annually whether the position needs DOP's full services or limited services. The DOP relies upon Department of Administration's PMIS for determining the billings of fees to the various state agencies because DOP has not fully implemented a Personnel Management Information System. Also, the DOP has not performed a cost analysis of their operating expenses to determine if the fee being assessed to agencies could have been reduced.

PERD's review of financial data indicated DOP was reimbursed for personal services and upon further inquiry, we found that DOP had been reimbursed for \$129,649 which were not DOP employees. Based upon information from DOP the division provided personnel staff to higher education through FY-1992. In July 1992, the staff assignments were transferred to higher education; however, vacant positions were not available in higher education's budget. The DOP continued to pay for these positions through FY-1994. These positions accounted for \$102,892 of the above reimbursement. The remaining \$26,758 was for positions in the Department of Administration finance division accounting section and the secretary's office. The costs were not a true reflection of administering the provisions of the DOP article.

The DOP surplus balance is a result of agencies paying for classified-exempt and vacant positions and the DOP's failure to evaluate its fiscal operations to determine how much of a fee reduction could have been given to state agencies. Also, state agencies were paying DOP for costs that should have been incurred by higher education and the Department of Administration.

Recommendation 2

The Legislature should define DOP's responsibilities and services provided to classified-exempt positions and determine DOP's budgetary needs through appropriation.

Issue Area 3: DOP Recruitment Efforts Are Inadequate.

The Division of Personnel (DOP) was created "*to attract to the service of this state personnel of the highest ability and integrity*" (WVC 29-6-1). Like a private sector organization that employs professionals such as managers, engineers, skilled craftsmen and information specialists, West Virginia state government's DOP must effectively recruit a workforce of the highest quality. However, the DOP relies on passive methods and applies few resources to recruitment. By using passive recruitment methods, DOP leaves the creation and maintenance of a state government workforce of the highest ability and integrity to chance.

The reliance on passive recruitment by state and local civil service systems has been identified as a problem nationwide.³

Recruiting is an area that needs improvement. Most public employers have traditionally relied on a passive recruiting strategy: they have simply posted vacancies, usually within the agency and at employment offices and expected applicants to find them. Any recruiting was likely to be simply by word of mouth which was adequate when government jobs were attractive and when large numbers of people usually applied. Now state and local governments are in increasing competition with other sectors.

According to this commentary, a personnel office that uses **passive recruitment system** has several identifying characteristics: first, the organization provides only limited exposure or notice when a vacancy occurs; access to the application process is not easily and/or widely known; the applicant or prospective employee initiates contact with the employer; and the organization does not have resources in place to predict or project its employment needs.

Resources for Recruitment

Agencies pay an annual fee of \$155 to the DOP for each full-time classified employee on their payroll including vacancies. In exchange for the fee, DOP is to provide the following services: **recruitment**; processing of employee status changes; consultation; and training. However, DOP has **dedicated only limited resources for recruiting: out of 72 employees, only 3 persons work part-time on recruitment.** Nonprofessional employees offer a less complex skill and can possibly be attracted through traditional testing methods and registers. However, professional positions are made up of a compilation of less tangible skills that are not as easily monitored and attracted through traditional testing methods. With only three part-time employees dedicated to recruitment it is difficult for DOP to have a qualified pool of candidates of all job classes available for agencies when the need arises. Agencies that use the DOP for personnel services indicate that they view DOP's recruitment efforts as inadequate. They made the following statements about DOP recruitment efforts:

- **There is a recruitment problem.**

³ Frank Thompson, ed. *Revitalizing State and Local public Service* Jossey and Bass, 1993, p 83.

- **We help recruit.**
- **We have to go out of state to recruit for certain positions.**
- **DOP is worthless when it comes to recruiting.**

A survey by PERD of state employees hired during the 1995 fiscal year, also indicated that DOP's involvement in recruitment was minimal.⁴ Table three reports the following findings:

- **Forty Eight Percent of respondents contacted an agency other than the DOP for information concerning the position they currently hold;**
- **Two thirds of respondents found out about job opportunities through other sources;**
- **Fifty Six Percent of respondents received their job applications somewhere other than the DOP; and**
- **Less than one half of the respondents ever talked to the DOP.**

Finally, the DOP does not have a personnel management information system in place that tracks turnover in state government thus providing information on recruitment needs. If an automated system were in place, the three person staff could be more productive. Vacancies could be tracked and agencies queried as to their intentions regarding the vacancy. In addition, trends could be observed concerning what types of employees are needed in the coming year and those classifications targeted for aggressive recruitment. Furthermore, the deficiencies of the reactive employment process described below could be eliminated.

⁴ *This survey was conducted using a computer generated list of random numbers based on a population size of 1489. The sample size was 50 or 3.3 percent of the overall population. The confidence level is 95% + or - 5%. For complete survey see appendix A.*

Table 3
Recruitment Survey

Question	Frequency	Percentage
1. <i>What agency did you contact for your position?</i>		
a. DOP	26	52%
b. Other	24	48%
2. <i>How did you first learn of the position?</i>		
a. DOP counselor	1	2%
b. another state agency	15	30%
c. media	3	6%
d. high school/college placement	2	4%
e. state employee/ friend	15	30%
f. other sources (includes DOP posting)	14	28%
3. <i>Where did you obtain the application and job description packet?</i>		
a. DOP	22	44%
b. State agency/ other	28	56%
4. <i>Did you ever talk to DOP?</i>		
a. yes	23	46%
b. no	26	52%

* Sample of 50 state employees from population of 1489 hired during FY 1995. See Appendix B for survey instrument.

Recruitment Process

When a vacancy occurs or the agency needs to create a new position, the following process occurs. The agency must first initiate a staffing request form. This form flows through the various levels of management, up to the secretary of the department, and then to the DOP. Within the DOP, the staffing request is first sent to the classification and compensation section which reviews the request to determine the job classification of the position, approves the position or modifies it, if necessary. The classification and compensation section then prepares a job posting. The posting is sent to individual agencies and the staffing services section of the

DOP. **The major deficiency with this system is that it is implicitly a passive approach to filling positions because, neither the client agency, nor DOP, is expected to take a lead in recruiting prospective employees.** The Staffing Services section forwards a **register** to the requesting agency. After receipt of the register the agency is then responsible for interviewing, selecting and preparing a WV-11 form to actually hire the employee. Upon deciding to hire an individual from the register, the agency sends a WV-11 to DOP and the Department of Administration where several more steps are executed to receive final approval and place the individual on the payroll.

As a practical matter, when an agency needs to fill a professional position, they are responsible for contacting a specific school or advertising in trade magazines or local newspapers to get applicants. DOP may assist the agency by cooperating in the development of the advertisement and mailing out the notices. However, when an agency advertises for a position, the cost paid to the newspaper or trade magazine for the advertisement is in addition to the fee paid to the DOP for recruitment. Further, DOP does not appear to view paid advertisement favorably. For example, one agency interviewed was having trouble getting applicants on the register and asked the DOP if they advertised. The DOP responded by saying, "We only advertise in the media or newspaper if it is free." However, DOP indicates that they do "occasionally pay for advertisements, but that normally the agency with the vacancy pays." DOP spent approximately **\$1,225** during the last five fiscal years on advertisements.

Recruitment Activities

The Division of Personnel uses a number of recruitment methods to attract people to the service of the state. First, it recruits applicants by mailing out examination announcements which is "the most passive method of recruitment." It should be noted that examination announcements are not job openings, they merely indicate that the Division will accept applications or test for certain positions. For example, 1,008 examination announcements are periodically sent to the following organizations:

- **181 announcements to television/radio stations and newspapers;**
- **313 announcements to state agencies; and,**
- **504 announcements to colleges, universities and various organizations**

There are several problems with DOP's reliance on this method of recruitment. First, a sample of the radio and television stations and newspapers that were sent examination announcements were contacted to determine what action is taken with the announcements they receive. Of 25 media sources contacted only five actually used the announcements to some degree. Most do nothing with the announcements and may simply throw them away. Second, agency personnel contend the public does not know where to call to receive information concerning state employment. Agencies regularly receive calls from prospective employees regarding state employment. Furthermore, the agencies indicate that many persons call them after being referred by the DOP. Some of the agency comments were:

- People do not know how to get a state job. Callers have told my staff they received more information from my agency than from the DOP.
- People have no idea how to get a state job. They think they are applying for a job but they are just filling a register.

Thus, the agencies counsel prospective applicants on the process to follow for applying for employment, **a service for which the agencies are required to pay the Division of Personnel**. Another related issue is that DOP's phone number is only listed in the Charleston directory, a publication that only serves approximately 20% of the state. While Charleston is the seat of state government, many agencies have field offices throughout the state. To better serve the entire state, the DOP could utilize the Job Service Offices of the Bureau of Employment Programs (BEP). Currently, DOP does not test in these locations or have personnel working at these locations that can answer questions regarding state employment. These offices will furnish applications for state employment but are limited in the questions they are able to answer because they do not work for the DOP. West Virginia asks private employers to utilize these offices yet DOP does not. By utilizing these offices, DOP would establish a dedicated location for testing and information.

Currently, the DOP uses a "slightly active method of recruitment" for prospective professional employees by attending job fairs sponsored by colleges, universities, vocational schools and other organizations. In FY 94-95, DOP staff participated in 16 events, 9 sponsored by a college or university, 2 sponsored by a vocational-technical institution and 5 sponsored by other groups.

The DOP needs to become more active by targeting specific professionals through building relationships with colleges and universities and increasing intern and coop programs. PERD noted many provisional hirings in the last year which is perhaps an indication that certain classifications of employees are difficult to recruit.⁵

Recommendation 3

The Legislature should determine if recruitment is an agency responsibility or the responsibility of the DOP. If this is to be the responsibility of individual agencies then the DOP should reduce fees. If it is the responsibility of the DOP then DOP should utilize a full-time recruiter to work with agencies, colleges and universities, and vocational schools to recruit highly qualified applicants.

Recommendation 4

DOP should utilize existing Job Service Offices to give tests and provide information for state employment.

⁵ Provisional hiring authority is given to an agency by the DOP when less than 5 persons are on a register. Of 1489 persons hired during FY94\95 118 or. 079% were provisional.

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Recommendation 5

The DOP should advertise occasionally through the media as the BEP does giving the process and locations to apply for state employment.

Issue Area 4: The Division of Personnel has never fully implemented a computerized Personnel Management Information System.

One of the responsibilities of the DOP is to maintain a personnel management information system (PMIS). WVC §29-6-7 (b)(2) mandates the Director of DOP to: "Maintain a personnel management information system necessary to carry out the provisions of this article". **However, the DOP has not implemented a PMIS system to effectively carry out its mandate made by the 1989 legislation.**

The DOP is responsible for over 20,000 classified employees. The current system used by DOP is a hard copy filing system in conjunction with the Department of Administration's Position Information Management System (PIMS). The hard copy system consists of transaction cards maintained by the Employee Information & Payroll Audit section and applications, WV-11's and test scores maintained by Staffing Services section of DOP. The PIMS provides DOP with Filled, Vacant and Total Full-Time Equivalents (FTE), and the annual dollars budgeted by each of the above categories. This type of piecemeal system cannot generate reports for agency managers or personnel specialists to determine future recruitment needs, turnover rate in classifications, retirement trends, and staff development needs.

In addition to DOP's files, agencies are maintaining their own personnel files for current and past employees. Agencies indicated to PERD they had some doubts about the accuracy of DOP's files because of the frequent requests made by DOP for information about past employees.

A Personnel Management Information System (PMIS) or Human Resource Information System (HRIS) are those systems used for collecting, analyzing and disseminating data required to support the various human resource management functions. These systems contain data related to employees and positions such as: classification and salaries of all employees, age, sex, work history, educational background, training received and evaluations of employee performance. They also may contain information related to the environment, such as wage surveys, economic indicators, information on the labor market, or the types of people available. This information is essential to management control.⁶ The larger the organization, the greater the need for formal systems and more detailed information." Not many organizations maintain a workforce of nearly 20,000 employees without a computerized PMIS. In fact, Kansas, which has a PMIS, and is able to manage approximately 33,000 classified employees with only a slightly larger staff than West Virginia's DOP.⁷

⁶ Dolenko Marilyn. *Auditing Human Resources Management. The Institute of Internal Auditors Research Foundation. Florida, 1990, p. 26.*

⁷ *Legislative Post Audit Committee. Performance Audit Report Reviewing Personnel Services for Kansas State Employees. Kansas, 1994 p.3, 8.*

New PMIS System

In 1992, the DOP provided DOA with \$250,000 for a study by *Deloitte and Touche* to develop the requirements of a computerized PMIS known as the HRIS/payroll system to integrate with WVFIMS. However, it was not until 1995 that the Department of Administration decided on and purchased a software program developed by People Soft and the program is to be installed by Anderson Consulting. The HRIS system is budgeted for approximately \$8.7 million according to the two contracts signed by Department of Administration. The same two vendors were used by the State of Kansas, to implement an HRIS for a fixed price of \$8.1 million.⁸ ⁹ It should be noted that Kansas has approximately 13,000 more classified state employees than West Virginia. Through further inquiry, the Director of FARS indicated "The cost of the new HRIS is not expected to be \$8.7 million. Our budget for the completion of the system is \$3.4 to \$5 million."

The DOP however, recently obtained an HRIS system from a neighboring state. This system has cost the DOP approximately \$40,000 for IS&C to translate into a usable language, according to the Director of DOP, and is currently being tested. Considering the fact that this system has been used by another state, many of the problems have no doubt been worked out perhaps making this system much more cost effective than the \$8 million system purchased by the DOA. The Director of DOP has stated, the Division of Personnel has committed no funding for this system purchased by DOA and plans on implementing the \$40,000 system.

After 6 years of not implementing a computerized HRIS suddenly DOA and DOP both have systems in development; but, neither is fully operational. The DOA contends the DOP system is merely an interim system to transfer information from and that their HRIS system will take over by tying the information into the payroll system and eliminating manual forms such as WV-11.

According to the report produced by Deloitte and Touche a new computerized HRIS, "would enable significant improvement to the current process". The current system contains numerous areas of work flow process weakness. The report lists a myriad of possible improvements, but generally it would:

1. Improve Efficiencies and Reduce Costs;
2. Improve Reporting Capabilities; and,
3. Improve Internal Controls

The DOP is mandated in §29-6-1 with "*attracting to the service of this state personnel of the highest ability and integrity*". The current PMIS does not give an accurate picture of the

⁸ *The entire project is budgeted for \$11.5 million.*

⁹ *Legislative Postaudit Committee. Performance Audit Report Reviewing The Progress of the Statewide Human Resource and Payroll System Project. Kansas, 1995 p.4.*

state's workforce because the Division of Personnel can provide little more than basic numbers of how many persons are employed by a certain agency. As one source put it:

"The type of system an organization needs will depend on the size of the organization, the volume of information required, how current it has to be, and time constraints on management decisions."¹⁰

It is apparent from portions of the Deloitte and Touche study that there are many deficiencies in the current system. One of the most important of those findings was "The state is losing the opportunity to hire promising candidates due to the amount of time required to complete the hiring cycle." The DOP cannot meet the mandate of the code without accurate information produced by a computerized PMIS system. The DOA and DOP do seem to be working together in order to fix the deficiencies and meet the mandate of having an adequate PMIS. However, it is very inefficient for both agencies to develop similar systems.

Recommendation 6

The Legislature should require both the DOA and the DOP to conduct a detailed analysis of what each system will provide to the state to determine which HRIS system will meet its needs.

¹⁰ *Dolenko Marilyn p.26.*

Issue Area 5: DOP Has Not Fully Established Apprenticeship Programs As Mandated By The WV Code.

The Division of Personnel (DOP) was mandated to develop an apprenticeship program in accordance with §29-6-17a of the Code. Specifically, the Code states:

The division of personnel shall develop and monitor apprenticeship programs for all state agencies that have employees working in apprenticable trades which are, or may be recognized by, the United States department of labor, bureau of apprenticeship and training. (emphasis added)

An apprenticeship program is a "customized" training system in which a person learns the necessary knowledge and skills of an occupation. This is done through a combination of on-the-job training and related classroom instruction. Apprenticeship training programs vary from 2,000 to 10,000 hours in length depending upon the occupation. The most common term is 6,000 to 8,000 hours (2,000 hours is approximately 1 year based on a 40-hour workweek). This is combined with the related classroom training which usually averages 144 hours per year, but can also vary from trade to trade. An apprentice usually begins a training program at an established percentage of the current wage rate for that occupation. Earnings increase as the apprentice advances in knowledge, skills, and productivity, usually in six month segments.

The Division of Personnel (DOP) has developed apprenticeship programs. However, **it is far from creating programs for all State agencies that have employees working in qualifying trades.** According to the DOP's Annual Report, there are approximately 100 apprenticable occupations within the State. Also, only 270 State employees of more than 4,000 eligible employees are currently enrolled in an apprenticeship program. **These 270 employees are concentrated in just two occupations and two state agencies.**¹¹ (PERD determined there are at least 24 agencies which have one or more apprenticable occupations.)

¹¹ *In order for PERD to determine detailed information regarding apprenticable occupations, it was necessary to obtain information from two different agencies and then compile the data. This is information which should have been readily available from the Apprenticeship coordinator who helps produce an annual report regarding the apprenticeship program.*

Table 4
Selected Apprenticeship Job Classifications

<u>Job Classifications</u>	<u>Number of Eligible Positions in various agencies</u>	<u>Number of employees currently enrolled</u>
HousekeeperLead	21	
Highway Eq Supv I	22	
Dup Equip Op II	25	
Conserv Officer SGT	26	
Driver I	26	
Electrician	31	
Bldg Equip Mech	32	
Fac/Eq Main Tech	34	16
Carpenter	35	
Paralegal	41	
Health Serv Trainee	45	
Maintenance Worker	59	
Custodian	79	
Conservation Officer	79	
H&H Serv Aide	81	
Cook	94	
Food Service Wkr	95	
Housekeeper	124	
Trans Worker I	138	
Child Adv Leg Asst	184	
LPN	218	
Engineering Tech	238	
Correction Officer I	380	254
Health Service Wkr	570	
Trans Worker III	606	
Trans Worker II	1126	
Total	4409 *	270

* Includes only Job classes with twenty or more positions

Undefined Funding And Insufficient Development

§29-6-17a is ambiguous regarding who has responsibility to fund apprenticeship programs. PERD was told by the DOP that it is the agencies' responsibility to finance apprenticeship programs. However, it is unclear from PERD's research if agencies have the necessary funding for developing apprenticeship programs. Funding for training is a major roadblock in the development of apprenticeship programs according to the Apprenticeship Advisory Board. The function of the Board is to assist the Director of Personnel in the development, implementation, and evaluation of apprenticeship programs for State employees in apprenticeship programs.

Currently, only two agencies have apprenticeship programs: the Division of Corrections has an apprenticeship program for Correctional Officer I and the General Services Division has a program for Facility Equipment Maintenance Technician. Moreover, the Division of Corrections had a training program in place for Correctional Officers before the DOP came into contact with them. The Division of Corrections requires that such a program be in existence for its Correctional Officers.

PERD was able to acquire only a few pieces of correspondence between the DOP and agencies concerning the development of apprenticeship programs, with the most recent being dated December 8, 1992. This appears to be further evidence of a lack of effort on DOP's part in implementing apprenticeship programs.

The Importance Of Apprenticeship Programs

According to an article written for the National Commission for the State and Local Public Service, apprenticeship programs are useful and worthwhile. The article stated in part:

One of the most successful approaches is to develop internship or apprenticeship programs, which can be used to bring people into the workforce, often while they are still in school.¹²

A well-planned, properly administered apprenticeship program offers several advantages. Among them are an increase in employability and economic security, an increase in employee morale, an increase in productivity, a reduction in absenteeism and turnover, enhanced career advancement opportunities, and national recognition as a skilled worker upon completion. Apprenticeship programs have an extreme amount of potential and could be utilized as training programs just as any other state sponsored program to bring persons into the workforce. All possibilities should be explored in order to utilize this tool.

The DOP and the Apprenticeship Advisory Board members are aware of the importance of apprenticeship programs. Board members have in fact discussed the positive benefits of

¹² *Frank Thompson, p. 83.*

apprenticeships as a way of motivating employees to improve their knowledge, skills, and abilities and for the purpose of developing a more efficient and effective workforce. Despite these discussions, the program has not expanded to the extent that was initially intended.

Recommendation 7

The Legislature should consider clarifying the statute regarding Apprenticeship programs establishing financial responsibility, requiring a certain number of apprenticeship programs per year. In addition, the Legislature could consider utilizing the surplus monies, accumulated by the DOP, to fund the apprenticeship program if they continue to be funded by the current funding system.

Recommendation 8

The DOP should report each year the success of the program to the Legislature with accurate figures of personnel participating, costs incurred, and attrition rates of personnel who participate.

Issue Area 6: The Division Of Personnel Policy Regarding Increment Pay Conflicts With §5-5 Of The WV Code And Was Written Without Proper Authority.

The Division of Personnel's (DOP) policy on increment pay is in conflict with §5-5 of the WV Code. DOP's policy allows permanent part-time employees to collect increment pay. In addition, DOP's policy permits agencies to count past service from statutorily exempt positions as qualifying service for annual increment payment. However, after analyzing the increment law and DOP's policy, the senior attorney of Legislative Services, concluded that:

- 1) The law relating to increment pay does not give any agency the authority to issue any policies or rules governing its implementation; and,
- 2) Even if the Division of Personnel had the authority to issue interpretations of this law, it would have to do so by the promulgation of a legislative rule and not by the issuance of a policy.

Eligible Years of Service In Determining Increment Pay

In 1984, the Legislature enacted a bill which provides for increment pay based upon years of service for eligible employees. "Eligible employee" is defined by §5-5-1 of the WV Code as:

any regular full-time employee of the state or any spending unit thereof who is eligible for membership in any state retirement system of the state or other retirement plan authorized by the state except that the increment pay does not apply to any faculty employee at public institutions of higher learning or any employee of the state whose compensation is fixed by statute or by statutory schedule except for certain employees of the magistrate court system nor to any elected or appointed officers of the state.

The apparent legislative purpose in enacting this law was to provide a reward to employees for faithful service to the state and to provide some incentive for them to remain on their jobs. The exclusions indicate a recognition that some employees already receive a yearly increase in salary for each year they work, that elected officials are constitutionally prohibited from receiving an increase in salary during their terms of office, and that the salaries of appointed officers were high enough without the incentive or should be adjusted by specific legislative act for that purpose. The law did not specifically authorize any entity of state government to interpret its meaning or to promulgate rules to carry out its purposes.

Since the enactment of this law there have been several guidelines issued by the Department of Finance and Administration (now the Department of Administration) and several Attorney General's opinions issued concerning its implementation. Policies related to the implementation of this program were revised by the DOP in 1993 and further clarified in 1994. The change in question concerns the revision of the definition of full years of service to allow persons who served in ineligible service to use that service to qualify for the increment as soon as they changed employment to a job that made them an eligible employee. Thus, a retired state

university professor, who is ineligible for increment pay while working for the university, with 20 or more years of service with the university, who took a job with a state agency such as the Highways Division would immediately upon employment with the agency qualify for the maximum increment pay of \$720.

Annual Increment for Permanent Part-Time Employees

DOP policy on increment pay also allows permanent part-time employees to collect increment pay even though §5-5-1 of the West Virginia Code states that:

Eligible employee means any regular *full-time* employee... (*emphasis added*)

However, effective March 1, 1992, the DOP developed a policy which defines an eligible employee as any employee "whose position requires 12 months service per year or at least 1,040 hours service per year...." Thus, although §5-5-1 specifically requires an employee to be "full-time", DOP policy now allows employees who work a minimum of 20 hours a week (1040 hrs annually) to also collect annual increment pay.

DOP's Response

DOP, however, disagrees with the opinion of Legislative Services senior attorney concerning the legality of the Division's policy. In DOP's opinion, the changes to the policy were appropriate and responded to PERD's inquiries by stating:

This change conformed with the rule of statutory construction which ensures the fulfillment of the spirit of the legislative action.

Opinion of Legislative Services

The senior attorney for Legislative Services was asked to provide PERD with an opinion as to the legality of DOP's policy. He opined:

I have reviewed the letter of August 3, 1995, that [PERD] received from Mr. Robert L. Stephens, Director, Division of Personnel. In the letter he cites code sections which he believes give the division the authority to issue a policy which interprets the increment pay law. The powers of the division are expressed in broad and general terms. It is unclear that these powers would include the interpretation and application of the increment pay law. If it is felt that the division should have these powers, the law should be clarified to clearly state that the division does have these powers. Without this clarification, it is possible to make reasonable arguments on both sides of this issue.

[As to]...whether the division's definition of full years of service is correct. Director Stephens claims that the division's definition complies with the spirit of the legislative action...It is unclear that it does. Did the Legislature really intend for persons who received the benefit of scheduled salary increases to be able to receive advanced increment pay upon changing to a job which made them eligible for such pay? Is this answer the same if the employee retired from the first job before taking an eligible job? Is the division's interpretation of the law a clarification or a complete reversal of prior practice? None of these questions are...answered clearly in the law. Also, this interpretation by the division grants a specific benefit which would make it a legislative rule which is subject to the rule-making review process. It may be that the Legislature agreed with the division's interpretation, but it should have the opportunity to make this decision itself. (emphasis added)

Recommendation 9

The Legislature should consider legislation to clarify:

- a) *Whether permanent part-time state employees are eligible to receive increment pay; and,*
- b) *Whether years of service as an elected or appointed officials of the State, faculty members at State colleges and universities, state trooper, or any employee of the State whose salaries are fixed by statute or statutory schedule should count in calculating increment pay, if such employees subsequently satisfy the definition set forth in §5-5 of an eligible employee.*

APPENDICES A, B, AND C

APPENDIX A

APPENDIX B

APPENDIX C

9



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
State Capitol
Charleston, WV 25305

Gaston Caperton
Governor

Chuck Polan
Cabinet Secretary

November 22, 1995

Antonio E. Jones, Ph.D.
Director
WV Legislature Performance Evaluation and Research Division
Building 5, Room 751 A
1900 Kanawha Boulevard, East
Charleston, WV 25305-0592

RE: Your Letter of November 20

Dear Dr. Jones:

The Division of Personnel (DOP) has only been in existence since 1989. Since that time, the management of DOP has been considering automation of several manual tasks within their operation. From 1990 to 1994, most of our resources have been applied to completing the required financial accounting and expenditure processing functions in government. It was acknowledged that the current payroll process and the hiring process that all agencies have to deal with are essentially manual and very labor intensive. Most of these activities utilize 1960's technology. The use of the WV-11 form and Auditor's Master File Change Sheets, CPRB reports, CS-OO reports are prime examples. It was determined that the State had over 275 FTE's involved in payroll activities. It was understood by all that as soon as the primary applications for financial accounting were completed, that payroll would be the next major statewide automation project.

We are now ready to deploy our full efforts towards redesigning the processes in Administration and the Auditor's Office. For Administration, we will be redesigning and automating the posting positions process, the processing of applicants, maintaining and providing registers, administering classification and compensation, position control, hiring employees, leave administration and accounting, discipline and grievance processing, training and skills tracking, and performance appraisals. In the Auditor's Office functions, we will be redesigning and automating the entire payroll processes including garnishments, overtime processing, tax calculation, authorization of payroll via electronic signature, conversion to pay in arrears, improved internal controls, and improved reporting. The new system will provide automation of all these areas and will be accessible online by agencies. The system will perform all functions related to posting, recruiting, hiring, enrolling for benefits, position funding, salary administration etc. for all agencies, and all central organizations such as DOP and the Auditor's office.

• E.E.O./AFFIRMATIVE ACTION EMPLOYER

These changes are expected to lead to significant savings in reductions of manual labor and reductions of staff. The time period required to process payroll will be reduced. Please refer to the attached pay period schedule. The target areas are the key punch staff in the Auditor's office, the key punch staff in the Budget office, the staff in several areas within the DOP who presently process data directly into PC databases and manual card files. In addition, centralization of tax filing and reporting for all of State government can be accomplished which will lead to savings within agency staffs.

The system which the DOP is presently pursuing was authorized by Chuck Polan as an interim step. If progress can be made to develop an electronic database of information concerning the State's employees, this will be useful to assist in the conversion of the new Statewide System to full production. Many agencies still have information on paper in file cabinets. The step approved by Secretary Polan was to allow this data on paper to begin to be automated to assist the bigger goal. The DOP system does not tie in to the payroll process or provide any elimination of manual forms such as WV-11 or Auditor's Masterfile Change Sheet. In fact, it is requiring agencies to provide additional paper forms, which are manually keyed in by DOP.

The cost of the new HRIS is not expected to be \$8.7 million. Our budget for the completion of the system is as follows:

Andersen Consulting	\$2.6 to \$3.5 million
PeopleSoft software	\$500,000 to \$650,000
ISC internal software	\$250,000
Small agency equipment	<u>\$100,000</u>
Totals	\$3.4 to \$5.0 million

The funding for this project will be provided by the Division of Finance GAAP Appropriation combined with funds to be provided by ISC. No additional or increased funds over current appropriation levels are needed.

It is not expected to have any negative impact on the fees charged by DOP. If the project is as successful as we anticipate, the actual cost of running DOP may actually be reduced.

ISC will charge agencies for using the system, in the same manner as they do for WVFIMS. It is also expected that as the customer base of ISC is increased, that the rates of ISC may again be reduced in a similar fashion as they have been since WVFIMS went online.

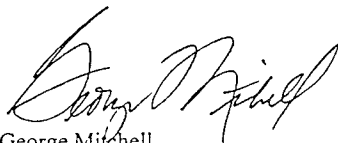
Antonio E. Jones, Ph.D.

Page 3

November 22, 1995

Finally, agency managers have expressed extreme interest in this project. They all recognize the savings in time, effort and labor which this project will provide. They also recognize that for the first time, they will have a real payroll/HRIS system which will allow them to manage their largest budget item. They will also be able to access this information utilizing graphical user interface tools such as Crystal Reports, Excel, Lotus etc. and to perform ad hoc queries utilizing Natural language query and NVision tools. The PeopleSoft system will be a system which will place WV in a leadership position with respect to it's systems and infrastructure.

I hope this addresses your concerns. Attached you will find a document with more details. I would like to offer my time to meet with you and discuss any of these items in more detail if you choose. My number is 558-4083.



George Mitchell
Deputy Secretary

GWM
Attachments - HRIS Objectives
Pay Period Schedule

DEPARTMENT OF ADMINISTRATION

STATE-WIDE

PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

DEPARTMENT OF ADMINISTRATION
STATE-WIDE PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

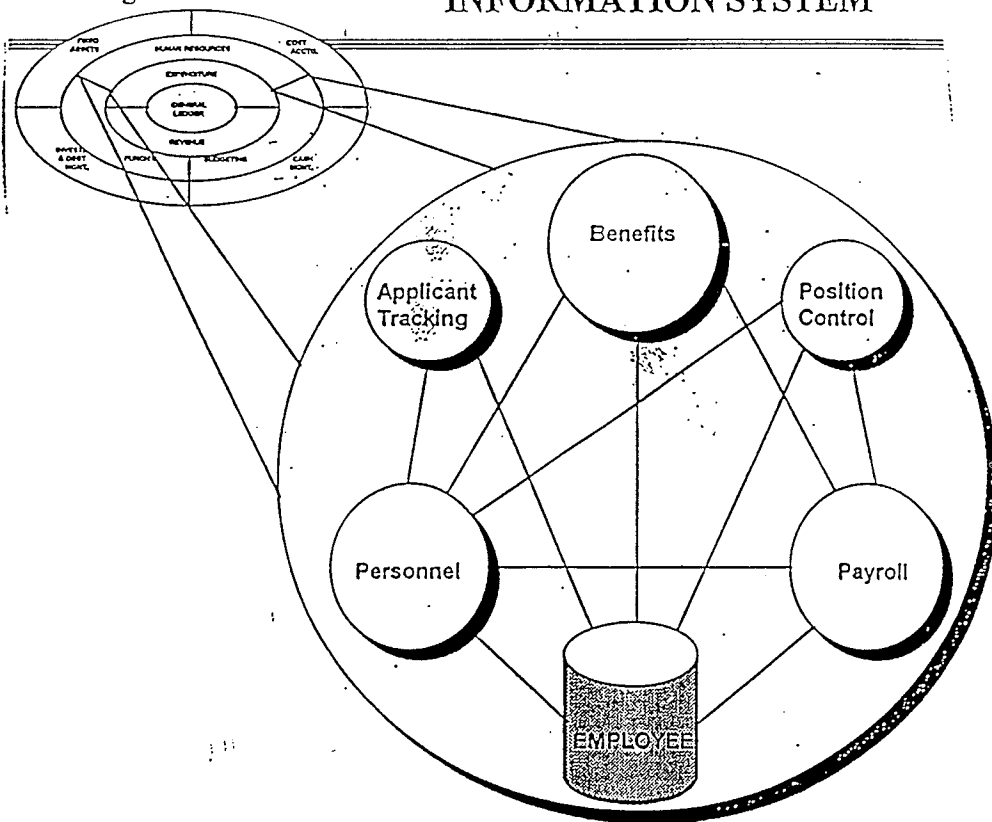
MISSION STATEMENT

To further enhance the West Virginia Financial Information Management System through development of a Human Resource Information System Payroll Module, thereby automating manual tasks, streamlining and improving current processes and eliminating duplication of systems and efforts, so that the payroll of the State is managed in the most cost effective manner.

DEPARTMENT OF ADMINISTRATION
STATE-WIDE PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

State of
West Virginia

WVFIMS HUMAN RESOURCE
INFORMATION SYSTEM



WV STATEWIDE PAYROLL SYSTEM

HRIS/Payroll Team Charter

**Department of Administration
State Auditor's Office
Division of Information Systems and
Communications**

Preamble:

Project will be completed in Client/Server Architecture.

The new computing model will allow the old processes to be redirected by deploying technology so that computing power and business productivity can be distributed to people throughout the State in order to add value to the operation of government.

The driving forces for client/Server applications are the demand for easier to use interfaces and event driven applications which lead to improved productivity and quality of customer service.

The price and performance of desktop and server platforms are leading to more efficient use of computer resources which will enable the State to lower overall operating costs.

The demand for better access to decision data and support for business processes, leading to applications that better match the organizational structure of the State and the natural way to support their missions.

The ability to now exploit new technology and high productivity tools which will lead to faster responses to Agency needs.

WV STATEWIDE PAYROLL SYSTEM

HRIS/Payroll Team Charter

System Characteristics:

The major components of the new HRIS/Payroll system will include:

- 1 Time and attendance - HRIS will provide ability to enter hourly employees time. HRIS will automatically calc overtime. HRIS will automatically post leave taken to individuals records. HRIS will automatically track holidays. HRIS will provide periodic reports on leave. HRIS will automatically accrue all leave at the individual level. HRIS will provide leave and attendance reports at individual and org total levels.
- 2 Applicant tracking - HRIS will allow applications/resumes' to be scanned and/or entered. HRIS will allow managers to review applications and resumes' online. HRIS will allow managers to review pool of all potential applicants online. HRIS will maintain application data online for a period set by applicant.
- 3 Position control - HRIS will allow a position to be budgeted for an annual salary. HRIS will prevent overspending of a position. HRIS will total all positions for an appropriation and prevent overspending of annual account level appropriation. HRIS will require annualized salary. HRIS will track overtime at the individual position level. The HRIS will provide for employees to be paid from multiple accounts and to be split at certain % on multiple accounts.
- 4 Payroll processing - HRIS will automatically update payroll data from information provided by agencies. The HRIS will not require separate payroll information be provided to State Auditor's Office (SAO). The HRIS (payroll segment) will be administered and controlled within the SAO. All payroll checks will be printed in the SAO. The HRIS will be linked to WVFIMS for checking of available funds. The HRIS will allow checks to be printed ahead of due date if needed. The HRIS provide both the SAO and Agencies with all reports necessary to administer payroll. The HRIS will afford efficiencies, such as centralized payroll processing; centralized tax administration; and centralized benefit administration, etc.

System Characteristics (Cont'd):

- 5 Personnel - The HRIS will utilize workflow to automate the processes both within the Division of Personnel (DOP), Higher Ed. Personnel and Dept. Of Education Personnel and those that interact with external constituents or contacts. HRIS will not include functionality which administers testing. HRIS will provide the DOP with all required information, thereby eliminating the need for Agencies to manually prepare and separately report data to DOP. The DOP will utilize the HRIS for most interaction with Agencies. The DOP will utilize the HRIS for decision support. The processes within DOP will be reviewed for streamlining and improvement. A balance between external Agency needs and central regulatory needs must be established. The HRIS will eliminate most paperwork in the current process. The HRIS will afford quicker DOP response to Agency needs and provide automatic controls and edits which will provide efficiencies and improved regulatory control. The HRIS will provide base benefits enrollment.

- 6 WVFIMS integration/interface - Agencies will not have to enter any duplicate data in order to process payroll transactions. The HRIS will be linked to WVFIMS in a fashion which provides upfront encumbrance accounting and back-end liquidity control. In addition, the HRIS will utilize the official org. table in WVFIMS thereby eliminating the need to maintain two tables. The HRIS will be linked to other required WVFIMS tables to provide edits and controls over financial codes and other appropriate data elements. The HRIS will have linkage to WVFIMS in the position control function; in the employee file; in the general ledger interface; in the user ORG ID; in the paysheet data (edit to valid accounts); potentially in the payment of benefits thru A/P; report writer access and other areas where cost/benefits are positive.

WV STATEWIDE PAYROLL SYSTEM **HRIS/Payroll Team Charter**

The level of functionality desired:

- 1 GUI
- 2 Windows compatible
- 3 OLE compatible
- 4 DDE compliant
- 5 SQL query and Ad Hoc reporting tool accessible
- 6 User friendly
- 7 Multiple security level controls
- 8 Ease of linkage to WVFIMS account code structure
- 9 Capable of tracking cost at center/sub-org codes/divisions etc.
- 10 Utilizes workflow principles

WV STATEWIDE PAYROLL SYSTEM **HRIS/Payroll Team Charter**

System Vision (from Agency perspective):

Agency managers will be able to use the HRIS to support their mission critical activities.

Agency managers will be able to access data concerning their employees.

Agency managers will have information from the HRIS which will help them manage their payroll expenditures.

Agency managers will utilize the HRIS to perform employee development and evaluation activities.

Agency managers will utilize the HRIS to perform "what if analysis".

Agency managers will view the HRIS as a valuable tool which assists them in fulfilling their complex responsibilities.

Agency accountants will utilize the HRIS for improved management accounting and reporting.

Agency accountants will utilize the HRIS for improved operating efficiency.

The HRIS will reduce the operating costs of the Agencies.

The HRIS will provide improved methods for personnel transaction processing.

The HRIS will enable them to reduce manual tasks and low value tasks.

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from Auditor's Office (SAO) perspective):

The HRIS will allow data entry staff to be re-deployed

The HRIS will standardize payroll processes

The HRIS will be used by 100% of State Agencies without interfaces

The HRIS will improve the end of month process in SAO

Payroll checks will be printed in SAO

Administrative system control over payroll will reside in SAO

SAO will control gross to net calculations

The HRIS will allow the SAO to run checks ahead of time to ease printer demands

The HRIS will support direct deposit

The SAO will control what withholdings are allowed

Agency staff will perform all data entry

The HRIS will ensure that all statutory salaries are controlled

The HRIS will provide information on number of employees

The HRIS will tie to WVFIMS for liquidity control

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from State Budget Office (SBO) perspective):

The HRIS will control personal services (PS) spending

The HRIS will automatically prevent overspending of PS appropriation

The SBO will utilize the HRIS to replace WV-11 forms

The SBO will utilize the HRIS as decision support database

The SBO requires the HRIS to have rich query and report writing capability

The HRIS will provide the position control required under State law

The HRIS must be stable and provide consistent data

The HRIS must allow FTE reporting

The HRIS must allow employees to be on multiple appropriation accounts in multiple positions

The ongoing HRIS system support team in ISC must be knowledgeable and responsive to SBO requests for reports

The HRIS will support the preparation of budget requests and expenditure schedules

The HRIS will produce PS worksheets

The HRIS will provide complete data on every employee (including Hi-Ed)

WV STATEWIDE PAYROLL SYSTEM **HRIS/Payroll Team Charter**

System Vision (from Div. Of Personnel (DOP) perspective):

The HRIS will automate some of their manual tasks

The HRIS will provide basic employee data

The DOP will utilize the HRIS to process WV-11 transactions

The DOP will utilize the HRIS to analyze information to support the creation of timely and relevant training classes

The DOP will utilize the HRIS to provide employee statistical information to legislative and other authoritative bodies

The HRIS will eliminate manual files and employee "cards"

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from ISC Div. perspective):

The HRIS will be a Statewide application

The HRIS will utilize the mainframe as a data base server

The HRIS will be operated on a WAN centrally controlled by ISC

The HRIS will make it easier for ISC to hire employees

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from Secretary Polan's perspective):

The HRIS will be an "open" system

The HRIS will produce W-2's annually

The HRIS will allow payroll processing to be centralized

The HRIS will reduce the number of FTE's currently deployed to perform payroll

The HRIS will eliminate WV-11's

The HRIS will provide a central decision support data base

The HRIS will allow the DOP to be more responsive to Agency needs

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from Higher Ed perspective):

HRIS will provide ability to handle their complex environment

HRIS will handle multitude of deductions

HRIS will handle tenure

HRIS will handle their unique FTE definition

HRIS will allow professors who work 9 months to be paid over 12 months

HRIS will allow them to control their data

HRIS will provide Charleston central government with a sub-set of their total data

HRIS will afford WVU with efficiency gains

HRIS may be standardized for all of Higher Ed

DEPARTMENT OF ADMINISTRATION
STATE-WIDE PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

OBJECTIVES, cont.

INTERNAL CONTROLS

1. Improve Internal Controls
2. Automate time and attendance
3. Automate leave tracking, accrual and reporting
4. Standardize Personnel policy through automation
5. Replace manual review and approval with automated controls and edits and shorten the payroll cycle
6. Centralize and automate the Division of Personnel's files with security access control
7. Develop consistent terminology and processing

DEPARTMENT OF ADMINISTRATION
STATE-WIDE PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

OBJECTIVES

IMPROVE EFFICIENCIES AND REDUCE COSTS

1. Eliminate numerous manual tasks and efforts
2. Eliminate duplicate, redundant systems
3. Decentralize data entry
4. Improve the timeliness and accuracy of payroll processing
5. Automate or eliminate the paper WV-11 form
6. Reduce paperwork associated with payroll and hiring
7. Automate Auditor's Master File Change Sheets
8. Institute payroll in arrears to eliminate supplemental payrolls
9. Automate the hiring process including registers, changes and authorizations
10. Automate general ledger integration for encumbrance and liquidity checking and expenditure posting
11. Automate applicant tracking
12. Institute direct deposit of employee payroll checks
13. Automate Budget position control integration
14. Automate/revise enrollment and subsequent changes into health care, savings plans, flexible benefits, etc.
15. Provide payroll support/on-line help

REPORTING

1. Improve Management reporting through direct on-line query and on-line report generation
2. Consolidate filing of payroll taxes and other required filings including Internal Revenue Service, Social Security, Consolidated Public Retirement contributions, Workers' Compensation premiums, State Income Tax and Unemployment taxes.
3. Streamline benefit payments to the Public Employees' Insurance Agency and other benefit administrators
4. Eliminate/automate CS-00, Consolidated Public Retirement Board, Public Employees' Insurance Agency and other reporting requirements
5. Automatically generate period-end Equal Employment Opportunity reports
6. Reduce the number of Federal Employee Identification Numbers by consolidating the payroll process

APPENDIX D



Gaston Caperton
Governor

Robert L. Stephens, Jr.
Director

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
DIVISION OF PERSONNEL

STATE
PERSONNEL BOARD
John A. Canfield, Chairman
Rev. Paul J. Guimer, Member
Sharon H. Lynch, Member
Roger Morgan, Member
Eugene Stump, Member

MEMORANDUM

TO: Antonio E. Jones, Ph.D., Director
Performance Evaluation and Research Division

FROM: BG (Ret) Robert L. Stephens, Jr., Director *RLS*
Division of Personnel

RE: Response to Draft Performance Audit Report

DATE: December 6, 1995

I have attached the Division of Personnel response to your unit's draft performance audit report which was delivered to my office the afternoon of November 29th. Thank you for allowing us an additional day to prepare our response.

Attachment

BG(Ret)RLSJr:TMC/

**West Virginia Division of Personnel
Response to Draft Performance Audit**

Issue Area I: The Division of Personnel Has Failed to Consolidate All Personnel Functions Into a Cost-Effective Centralized Agency.

Response: The data upon which this conclusion is based is in error. Table 1, History of Personnel Positions By Full Time Equivalents (F.T.E.), shows 76 positions in state agencies pre-centralization. **In fact, there were 178 positions in state agencies pre-centralization** which were identified by those agencies as **having some payroll or personnel function.** Of these 178 positions, 76 were identified by the implementation task force as having primarily a personnel function and thus those positions were transferred to the Division of Personnel by Executive Order 11-89. The remaining 102 positions were identified as primarily performing duties which were to remain within the agencies (time reporting and payroll posting, initiation of requests to fill vacancies, etc.) and thus the positions also remained with the agencies. Consequently, any comparison should be made between the accurate total number of positions pre-centralization, that is, 219, and your current number, 128, which indicates a **decrease** of 91 positions. In addition, the cost comparison should be made between the actual salaries of those 219 pre-centralization positions, adjusted to reflect an average 19.51% increase in executive department salaries since January, 1990, and the current salaries shown in the table.

In addition to the data being erroneous, I believe there is a basic misunderstanding of the role of the Division of Personnel relative to the role of the "personnel" positions existing in state agencies. Chapter 29, Article 6 of the West Virginia Code, particularly sections 7 and 10, sets out the responsibilities of the Division of Personnel. These include staffing, classification, compensation, payroll audit, employee relations, training and development and staff services. The Division of Personnel provides centralized administration of these functions by establishing and maintaining uniform standards and procedures which are based on professional personnel principles. The "personnel" positions in the agencies on the other hand, are involved in these functions only to the extent that they initiate and/or coordinate requests for these services. Consequently, we do not consider the function of these positions to be a personnel function, but rather an administrative function.

Issue Area II: The DOP as of June 30, 1995 Accumulated a Surplus Balance of

West Virginia Division of Personnel
Response to Draft Performance Audit

Approximately \$2.3 million by Assessing Agencies for Classified-Exempt and Vacant Positions and Neglecting to Reduce the Fee to Reflect the Cost of its Operations.

Response: Again, the data upon which this conclusion is based is erroneous. In addition, the assumptions regarding classified-exempt and vacant positions are not supported either by the statutory mandates nor by actual practice.

First, as of the close of Fiscal Year 1995, the Division of Personnel had a cash balance of \$1,139,228.27 (see attached Auditor's Report). Our aged accounts receivable amounted to \$620,911.50, of which \$492,825.82 was cumulative from FY91 through FY94. Of the total aged accounts receivable, \$376,288.08 (61%) is due from the Department of Education which contends that it is a constitutional office and thus exempt from our fees, in spite of the fact that the department regularly avails itself of our services. Another 26% (\$162,168.75) is due for temporary and seasonal employees of state parks (see attached letter). Thus, even assuming some likelihood of collection of fees due from previous fiscal years, the "surplus" would not exceed \$1,760,139.77.

Second, the fee structure developed by the Division of Personnel was never based on 117 personnel positions and associated costs. Legislation authorizing the Division of Personnel to charge fees was not passed until 1990 and went into effect in FY91. The Division of Personnel budgeted 83 FTE's in FY91 for an annualized personal services amount of \$1,988,570. We have reached our current level of staffing by attempting to comply with the Governor's request for a 10% reduction in staff statewide (see attached memorandum). In addition, we have not filled vacant positions to comply with a hiring freeze imposed by the Governor's Office. Considering the average 19.51% increase in executive department salaries since January, 1990, our current budget for personal services (\$2,039,638 for 75 FTE's) is less per FTE position in the Division of Personnel than the FY91 personal services budget.

Third, the assumption that agencies receive limited services for classified-exempt and vacant positions is not supported by the facts. Approximately 33% of our total budget is allocated for expenses directly attributable to services provided to fill vacancies. This can hardly be characterized as a limited service. In regard to classified-exempt employees, the fact that they

**West Virginia Division of Personnel
Response to Draft Performance Audit**

are not covered by merit system standards does not mean that the Division of Personnel does not provide services for them. (If that were the case, the Legislature would not have abolished the Civil Service System and established the Division of Personnel.) We provide the same services for classified-exempt employees as for classified employees and agencies use these services to a significant extent, both actively and passively, for their classified exempt employees. For example, correctional officers at the various regional jails are hired from certified lists of applicants we provide to them; these correctional officers are classified-exempt employees. Agency heads and individuals in policy-making positions regularly attend training offered through our Center for Quality Government, the expenses of which more than adequately justify the charged fee.

Fourth, the statement regarding reimbursements for personal services, "...The costs were not a true reflection of administering the provisions of the DOP article...", appears to imply that fees collected from state agencies were used for expenses unrelated to administering the DOP article. In fact, the reimbursements were sought and received specifically to avoid state agencies' fees from being used for anything other than services to them.

Issue Area III: DOP Recruitment Efforts Are Inadequate.

Response: Parts of the recommendations made are useful and should be adopted. However, much of the discussion leading to the recommendations is either factually incorrect or overstated to the extent as to make it misleading.

Those forms of recruitment labeled as "passive" are the foundation of an open, competitive hiring system. Other more aggressive forms of recruitment are in addition to the usual announce procedure. We design our procedure to anticipate vacancies and establish registers in advance. During FY94\95 we successfully anticipated and established advance referral lists for 92% of all vacancies. During the last twelve calendar months our success rate is 96%.

The section intended to describe the recruitment process (page 16) actually describes the hiring process. The description mixes the posting of job vacancies used to notify internal candidates (current employees) and the procedures used to notify external candidates. The usual procedure for filling

**West Virginia Division of Personnel
Response to Draft Performance Audit**

a professional position is for the agency to request a certified list of candidates from the DOP. In 90% (see the footnote on page 18) of the cases they receive a list of qualified candidates. In those cases in which no names are available, we announce the job class for testing and a register is established. Additional forms of recruitment are necessary about five times a year.

The section describing recruitment activity seems to discount the effectiveness of the examination announcement distribution process. It says "1008 examination announcements are periodically sent. . . ." In fact the number of announcements mailed varies with the type of organization. One of those 313 state offices on our mailing list is the Bureau of Employment Programs which receives **hundreds** of announcements for distribution to their Job Services Offices. All of the college placement offices receive copies of the announcement. We acknowledge that many organizations to which we send our announcements do not use the information effectively -- especially the radio and tv stations. Most, however, do want and use the information. Verification of this is found in the Recruitment Survey chart found on page 16. For example, it is reasonable that a person who wants to be a social worker will contact their local Human Services office. There, because the DOP effectively distributed current information, the applicant can obtain a description of the qualifications required for the position and find out where examinations are offered. Applicants who do not know what kind of employment to seek usually visit the DOP office for counseling. Applicants who know exactly what type of job, or in what office they want to work will go to that office and inquire. It is important that the DOP keep the agencies informed so that they can properly direct candidates. The fact that candidates obtain accurate job information from agency offices is a tribute to, not an indictment of the recruiting activities of the DOP.

The anecdotal commentary at the top of page 15 is interesting. Anytime a need to do special recruiting arises, there is "a problem." Recruiting should be a proactive process, but is frequently a reactive process causing an extended hiring process. Sometimes the low pay of state jobs is a significant, almost insurmountable, difficulty in recruiting. While neither of these conditions is desirable, changes in the recruiting process will not affect them. Sometimes out-of-state recruiting is necessary or desirable. We suspect that the person

**West Virginia Division of Personnel
Response to Draft Performance Audit**

who said that the "DOP is worthless when it comes to recruiting" was unaware that:

- ▶ We have held special job fairs on weekends to attract candidates for certain jobs.
- ▶ We directly contact all of the agencies for help in deciding which job classifications will need to have registers established during the next calendar quarter.
- ▶ Our recruiting procedures allowed there to be 28,000 candidates now on the registers who want state jobs.
- ▶ We directly contacted more than 140 agency personnel to obtain information about future hiring expectations before the beginning of our recruitment schedule.
- ▶ We have attended every professional level recruiting event in West Virginia during the last two years.

We do not think any change in the relationship between agencies and the DOP in regard to recruiting is warranted because (1) our role is to help agencies in filling vacancies, (2) the agency supervisor is the first to learn of a pending vacancy, (3) only the appointing authority knows whether he or she will fill a vacancy, and (4) only the agency knows whether the duties of the previous incumbent will remain unchanged. Consequently, the agency necessarily takes a leading role in filling the position. This includes defining the duties, forwarding that information to the DOP, distributing a posting, requesting a referral of names if they deem it necessary, and requesting recruiting assistance if necessary.

Because the DOP must advertise to establish registers, and because of our extensive contact with the public seeking a job with the state, we can assist agencies with filling hard-to-recruit positions. We know the hiring activity for all the job classes and attempt to maintain registers to speed up the hiring process. Recruiting after the vacancy becomes known is too slow as a matter of course. There were 1714 new hires during the last year and 111 provisionals. Therefore we were unable to immediately supply names for only about 6% of the requests we received. Whether this means the DOP recruiting is "worthless" or is even a "problem" is questionable.

**West Virginia Division of Personnel
Response to Draft Performance Audit**

In regard to the recommendation regarding the Job Services Offices, the DOP has used the Job Services Offices to give tests in the past. They are no longer available to us. Because of costs, the BEP ceased testing for the DOP in June 1994. We continued to use their offices but hired our monitors until September 1994 when Commissioner Richardson advised us that they no longer had space to accommodate our program. Copies of the correspondence are enclosed. In addition, we distribute significant volumes of all materials about our testing program to the Job Services Office. We are in frequent phone contact with many of these offices to coordinate our services with them.

Issue Area IV: The Division of Personnel has never fully implemented a computerized Personnel Management Information System.

Response: Please refer to the November 22, 1995 letter from George Mitchell, Deputy Secretary of the Department of Administration regarding this issue. Mr. Mitchell has accurately assessed and described the ongoing efforts at full implementation of a human resource information system. In addition to Mr. Mitchell's comments, the following information should help to clarify our current situation.

In November of 1992, the Division of Personnel requested proposals from a large number of vendors to obtain bids on a comprehensive payroll and personnel system. Only two vendors submitted proposals which were reviewed. At that time, it was determined that a commitment of this size was not viable. The Department of Administration continued to devote its resources to a higher priority project, the development and implementation of the West Virginia Financial Information Management System, with specific details regarding a personnel and payroll system to be determined at a future time.

Because of the need and desire to automate critical employee information, the Division of Personnel, in 1993, obtained a computer system from the Division of Highways which Highways had been using to maintain information on their employees. This system was modified by IS&C to meet our basic requirements and was then tested and ultimately put into operation for all divisions within the Department of Administration. Currently, we are

**West Virginia Division of Personnel
Response to Draft Performance Audit**

preparing to bring this system on line in three organizations within the Department of Health and Human Resources.

This year, representatives from the Division of Personnel visited the State of North Carolina to evaluate their automated job posting vacancy system. We determined that the system would meet our needs and North Carolina provided us with all the data we requested at no charge to the State other than the cost of the computer tapes. We, in turn, have modified the North Carolina system to develop a paperless job vacancy posting system that could be utilized by all State agencies. The primary goal is a reduction in the time required to promote or hire employees to fill the vacant positions. We are currently pilot testing this system within three State organizations and have scheduled training in December 1995 and January 1996 to prepare for additional areas of implementation in 1996.

We will continue to explore other sources of technology/systems that will improve both our access and agencies' access to human resource data necessary for the effective management of state government.

Issue Area V: DOP Has Not Fully Established Apprenticeship Programs As Mandated By the WV Code.

Response: While we believe the proposed findings are correct, we do not believe that consideration was given to the fact that while we have the responsibility for establishing apprenticeship programs in cooperation with agencies, we do not have the authority to force an agency to implement an apprenticeship program.

Issue Area VI: The Division of Personnel Policy Regarding Increment Pay Conflicts With §5-5 Of The WV Code And Was Written Without Proper Authority.

Response: We offer the following to demonstrate that the finding on this issue is in variance with the West Virginia Supreme Court of Appeal case, State ex rel. Erwin v. Gainer, No. 16791 (August 2, 1985) (Unpublished Order). The Court accepted the following argument of the Civil Service Commission,

**West Virginia Division of Personnel
Response to Draft Performance Audit**

through its chairperson, Willard Erwin, and granted the relief sought in the petition for Writ of Mandamus by the Commission as a party to the matter.

Pursuant to Chapter 29, Article 6, W. Va. Code, the Civil Service Commission of the State of West Virginia is charged with the duty of, among other things, (a) certifying all state payroll account vouchers for its own employees and for all state employees covered by the West Virginia Civil Service system, (b) formulating, in consultation with state fiscal officers (including Respondent), a pay plan for all employees covered by the West Virginia Civil Service system, and (c) performing all lawful acts deemed necessary or desirable to carry out the purposes and provisions of Chapter 29, Article 6, of the W. Va. Code.

W. Va. Code § 29-6-9 transferred the duties and responsibilities of the Civil Service System to the Division of Personnel. Thus, the previous payroll certification still applies to the Division of Personnel and remains codified in Code § 29-6-14.

Additionally, the West Virginia Supreme court has held in Callahan v. DNR, 166 W. Va. 117, 273 S.E.2nd 72 (1980) that:

Our Civil Service System Act, Code, 29-6-1, et seq., is a conglomeration of statutes that must be read in pari materia.

Logically, personnel administration laws encompass more than the provisions of Code § 29-6-1 et seq. All provisions of State statutes affecting the administration of personnel within the classified service are within the purview of the Division of Personnel comprising a conglomerate and were envisioned as such by the Legislature when re-enacting 29-6-1 et seq.

Further, W. Va. Code § 5 speaks of the general powers and authority of the governor, secretary of state and attorney general; board of public works; miscellaneous agencies, commissions, offices, programs, etc. The Chapter addresses a conglomerate of personnel issues affecting state employees, including salary increases, retirement, insurance, etc. Although 5-5-1 and 5-5-2 do not expressly grant authority to the Division of Personnel to promulgate a rule or policy on these articles, neither does 5-5-3 expressly grant authority to

**West Virginia Division of Personnel
Response to Draft Performance Audit**

a particular agency on lump sum payments of accrued annual leave (one proviso is included). Accepting the logic of the Legislative Auditors, we are forced to arrive at the conclusion that no agency would be authorized to promulgate rules, regulations or policies on this article.

Issue Area II

WVR0001 RUN: TUESDAY AUG0895 9 09:41 PAGE 91
 DATABASE ID: FIMS08 STATE OF WEST VIRGINIA
 REQUESTED BY: KEN F OFFICE OF THE STATE AUDITOR
 RUN OPTION: 4 ACCOUNT STATUS FOR JULY 1995 PFY 1995
 IN ORGANIZATION SEQUENCE

ORGANIZATION 0222 PERSONNEL-ADMIN
 2440-099

DOC ID	TRANS TYPE	POSTING DATE	WARRANT NO. OR OBJ/CLASS	REVENUES	DISBURSEMENTS	OTHERS
***** FUND: 2440 DIVISION OF PERSONNEL FUND *****						
I 1588925	WW	07/27/95	83720561		28.31	
I 1589488	WW	07/28/95	83725935		56.29	
I 1589532	WW	07/28/95	83724806		206.69	
I 1589907	WW	07/27/95	83720806		200.95	
I 1589935	WW	07/27/95	83720806		122.10	
I 1591401	WW	07/27/95	83720604		152.00	
I 1591871	WW	07/27/95	83720438		1,629.50	
I 1591843	WW	07/28/95	83725078		19.96	
I 1594087	WW	07/31/95	83720142		45.50	
I 1597243	WW	07/31/95	83732403		12.36	
I 1597294	WW	07/31/95	83733474		121.45	
I 1597874	WW	07/31/95	83736860		21.25	
I 1597958	WW	07/31/95	83737245		74.63	
I 1597995	WW	07/31/95	83736912		15.80	
I 1597996	WW	07/31/95	83735912		75.00	
I 1599895	WW	07/31/95	83736712		571.07	
I 1600010	WW	07/31/95	83736714		571.07	
I 1500401	WW	07/31/95	83737325		60.00	

APP YR 95 2440-099 TOTALS FOR MONTH 0.00 119,050.68 0.00
 95 PFY TOTAL YEAR TO DATE 790,613.68 0.00
 95 FY APPROPRIATION 1,083,744.00 0.00
 APPROPRIATION BALANCE 293,130.32

2440-999-564 TOTALS FOR MONTH 0.00 0.00 0.00
 95 PFY TOTAL YEAR TO DATE 0.00 0.00 0.00

2440-999-540 TOTALS FOR MONTH 0.00 0.00 0.00
 95 PFY TOTAL YEAR TO DATE 3,350,888.08 0.00

FUND: 2440 TOTALS FOR MONTH 154,772.51 0.00
 TOTALS YEAR TO DATE 3,350,888.08 3,392,950.22 0.00
 BEGINNING BALANCE 1,181,290.41
 ACCOUNT BALANCE 1,159,229.27
 WITH 13 0.00
 DISB TO 3,252,241.56
 DISB CM 154,772.51

***** FUND: 2442 SPECIAL PROJECTS FUND *****
 APP YR 95 2442-099 TOTALS FOR MONTH 0.00 0.00 0.00
 95 PFY TOTAL YEAR TO DATE 0.00 0.00 0.00



Issue Area II

Gaston Caperton
Governor

Robert L. Stephens, Jr.
Director

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
DIVISION OF PERSONNEL

STATE
PERSONNEL BOARD
John A. Canfield, Chairman
Rev. Paul J. Gilmer, Member
Sharon H. Lynch, Member
Roger Morgan, Member
Eugene Stump, Member

June 12, 1995

Charles B. Felton, Jr., Director
Division of Natural Resources
Building 3, Room 669
State Capitol Complex

Dear Mr. Felton:

Chuck Polan referred to me your letter regarding Division of Personnel fees for seasonal (i.e. temporary) employees hired in parks throughout the state. As I understand your question, it concerns the difference in processing/record-keeping of temporary employees hired in the Division of Natural Resources and those hired in the Parks and Recreation section which was recently transferred to your Division.

Prior to 1990, records were maintained on the seasonal employees in the parks and forests. After a change in the administrative staff in Parks, however, information for keeping records on these employees was no longer sent to us in spite of our requests. Under your administration, I hope to be able to resume this record-keeping. Additionally, the seasonal employees of state parks and forests are included in the classified-exempt service by *West Virginia Code §29-6-4 (c) (15)*. As such, the Division of Personnel is responsible for planning, evaluating, administering and implementing personnel programs and policies (e.g. job classification, workplace security, reference checking, drug-free workplace, etc.) for these employees. Division of Personnel fees for these services are authorized in *West Virginia Code §29-6-23* and instructions for including these fees in appropriation requests is provided annually by the Finance Division.

Beyond the statutory requirement, federal regulations on state-wide cost allocation (i.e. OMB circular A-87) allow recovery of a pro-rata federal share of the cost of "central services" such as ours. In doing so, however, they require equitable billing to all funding sources and diligent collection efforts. The consequence for "under-supporting" agencies is a reimbursement liability against future federal funding.

I hope this information answers your questions. Please let me know if you need further information.
Thank you.

Sincerely,

BG (Ret) Robert L. Stephens, Jr. Director
Division of Personnel

cc: Chuck Polan
Harry Price

Computer file
copy
tmc

Building 6, Room B-416, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305-0139 304/558-3950
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Issue Area III

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

Gaston Caperton, Governor
Andrew N. Richardson, Commissioner
of Employment Programs
August 28, 1992



Michael T. Smith, Director
Division of Personnel
Capitol Complex, Building 6, Room 456
Charleston, West Virginia 25305

Dear Mike:

This letter serves to share with you concerns that the Bureau of Employment Programs experiences regarding our financial ability to continue providing civil service testing to West Virginians.

With across-the-board spending reductions imposed on general revenue agencies in January 1989, Tim Basford, Acting Director of the Civil Service System, approached me about temporarily housing two of his staff until the new fiscal year on 1989. After some dialogue, we agreed to inaugurate a pilot program whereby some Job Service offices would provide civil service testing. The first tests were administered in three Job Service offices on March 18, 1989.

We believed mutual goals of West Virginia's state personnel system and the Job Service would be achieved. We would broaden civil service testing to all areas of the state while improving the applicant pool in the Job Service offices (and, therefore, increase job placements and/or entered employment).

By July 1991, 17 local Job Service offices in all areas of West Virginia were administering civil service tests. Since March of 1989, over 25,000 persons have been tested. Over 30,000 tests have been administered. The current no-show rate of 33.5% is comparable to the rate experienced prior to 1989.

As you know, we have hoped for several years to capture entered employment data. Information for Fiscal Years 1989-90, 1990-91, and 1991-92 would potentially enhance our performance in the view of the United States Department of Labor. As per your recent response to this request, I have instructed Tony Selario to see that Richard Westfall pursues this with Max Farley.

One basic and fundamental problem, however, is COST. Without boring you with the minutia of our administrative funding mechanism from the United States Department of Labor, let me simply state the following:

Job Service • Job Training Programs • Labor and Economic Research • Unemployment Compensation • Workers' Compensation

Page 2

1. A special pool of "10%" grants have been used since FY 1989-90 to fund this program. We are limited in the use of our 10% money to projects of three years or less. We have now reached that limit.
2. Funded positions for all of the Employment Service functions decreased and is expected to be further reduced in the future. Currently, the Employment Service is operating with 14 fewer positions than last year.
3. Reclassification has increased annual costs to the Employment Service by \$192,587.
4. Carry-over reserves, now substantially depleted, have allowed expenditures for administration of the Employment Service to exceed grants for the past several years.

These problems are exacerbated by the time and costs associated with the civil service testing program. In FY 91-92, the Employment Service spent \$270,000 administering civil service tests. We spent 21,450 hours on this program, requiring 12.5 staff positions. These costs will increase with testing of correctional officers - a longer and more complicated test.

Stated differently, it costs the Employment Service \$30.83 for each person we test. I have attached data from our management information system regarding the number of people tested in each local office, number of tests administered, staff position costs, and a productivity report.

In summary, we are proud to work with the Division of Personnel and provide this vital service to our state. Nevertheless, costs have become prohibitive. We cannot continue to provide the testing service without funding from outside the Bureau of Employment Programs.

I welcome the opportunity to discuss this matter with you. Please contact my office at 558-2630 so that we can explore possibilities for resolving this funding dilemma.

Very truly yours,


Andy N. Richardson
Commissioner

attachments

cc: John Ranson
Chuck Polan
Tony Selario

Issue Area III

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

Gaston Caperton, Governor
Andrew N. Richardson, Commissioner
of Employment Programs



May 24, 1993

Max Farley
WV Division of Personnel
5790-A MacCorkle Avenue, SE
Charleston, WV 25304

Dear Mr. Farley,

Thank you for your prompt response to my request for actual monetary figures that your Division was willing to provide to the Bureau of Employment Programs to fund staff to conduct Civil Service testing in our offices. I have presented your proposal to Commissioner Richardson as well as the management staff of our Division.

After some deliberation, we have determined that we are not interested in continuing this testing service for the amount you have proposed. We simply cannot afford to provide the services necessary for less than \$120,000.

We appreciate your offer and will provide facilities and scheduling, as per Commissioner Richardson's letter dated February 11, 1993. Please contact me if you have additional comments. We will be notifying our offices of the revised testing schedule on May 28, 1993.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Westfall".

Richard Westfall
Chief of Basic Services

cc: Andrew N. Richardson
Anthony Selario
R. Allen Wright
Phillip Hayden
Frank Chambers

Job Service • Job Training Programs • Labor and Economic Research • Unemployment Compensation • Workers' Compensation

Issue Area III

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

Gaston Caperton, Governor
John Ranson, Secretary,
Commerce, Labor and Environmental Resources
Andrew N. Richardson, Commissioner,
Employment Programs



August 10, 1994

Robert L. Stephens, Jr.
Director of Personnel
Bldg. 6, Room 416
Charleston, WV 251305-10139

Dear Mr. Stephens:

As you are aware, the Bureau of Employment Programs currently schedule and provide facilities for the administration of Civil Service tests. Recently, the Employment Service Division successfully negotiated for the Job Training Partnership Act Assessment and Case Management Centers (ACMC's). These centers are to be housed within the Job Service centers throughout the state of West Virginia. To allow for space for these centers, we regret that we cannot continue to provide facilities for Civil Service testing.

We are happy that we could provide this service for so long to the citizens of our state, but we will not have the facilities available to test. This has been a beneficial arrangement for both of our organizations, and we look forward to being able to assist you in the future.

We plan to cease providing these services as of September 2, 1994. If you have any questions or wish to discuss this further, please contact me.

Sincerely,

Andrew N. Richardson
Commissioner

Issue Area III

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

Gaston Caperton, Governor
John Ranson, Secretary,
Commerce, Labor and Environmental Resources
Andrew N. Richardson, Commissioner,
Employment Programs



August 10, 1994

Robert L. Stephens, Jr.
Director of Personnel
Bldg. 6, Room 416
Charleston, WV 251305-10139


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We are happy that we could provide this service for so long to the citizens of our state, but we will not have the facilities available to test. This has been a beneficial arrangement for both of our organizations, and we look forward to being able to assist you in the future.

We plan to cease providing these services as of September 2, 1994. If you have any questions or wish to discuss this further, please contact me.

Sincerely,


Andrew N. Richardson
Commissioner

APPENDIX A						
West Virginia Division of Personnel						
Unaudited Financial Information						
Five Year Summary						
	Line	FY 91	FY 92	FY 93	FY 94	FY 95
Description	Item	Actual	Actual	Actual	Actual	Actual
	#	Amount	Amount	Amount	Amount	Amount
Beginning Balance		0.00	393,000.57	838,478.04	886,668.38	1,041,281.85
Ending Balance June 30,		310,076.97	783,397.53	799,046.22	1,041,281.85	1,294,000.78
Revenues		3,261,992.21	3,402,757.95	3,301,750.86	3,361,398.48	3,350,888.08
Personal Services						
Personal Services (plrDeductions)	1	2,003,926.99	1,974,723.96	1,941,656.42	1,982,822.29	1,897,323.08
Personal Services (Without plrDeductions)	2	0.00	0.00	0.00	0.00	1,800.00
PlR Reimbursements	3	(57,732.00)	(20,640.00)	(36,165.55)	(115,199.94)	(26,471.49)
Annual Increment	4	34,452.00	34,452.00	0.00	0.00	40,032.00
Employee Benefits						
Civil Service	10	1,330.00	2,065.00	1,985.00	2,038.00	1,520.00
Social Security Match	11	152,298.43	149,393.41	146,482.04	149,839.91	146,455.20
Public Employees Insurance	12	225,941.76	231,808.16	228,463.20	223,687.04	205,319.88
Workers Compensation	14	9,315.86	8,357.65	11,686.34	10,864.77	16,013.57
Unemployment Compensation	15	1,030.72	457.96	128.91	850.46	0.00
Pension & Retirement	16	188,694.95	186,225.99	182,135.34	186,637.99	182,135.74
Current Expenses						
Office, Postal, Freight	20	53,473.68	64,654.85	79,583.42	80,274.74	100,127.99
Printing and Binding	21	3,743.09	2,136.84	2,015.14	2,881.51	8,723.11
Rental (Building)	22	119,712.44	135,498.56	135,617.20	175,629.64	181,635.44
Utilities	23	3,111.20	1,389.60	1,797.00	1,780.50	1,962.24
Telephone	24	15,105.11	11,432.10	12,443.42	13,320.23	15,579.84
Comntractual & Professional	25	29,193.63	29,964.91	294,733.61	109,360.70	145,975.91
Travel	26	35,235.77	36,580.47	43,346.57	41,254.94	31,035.59
IS & C	27	42,301.86	17,091.60	49,483.60	73,198.05	97,238.56
Consultants	28	0.00	0.00	0.00	0.00	27,803.60
Vehicle Rental	29	4,958.23	4,920.00	5,590.06	(1,018.60)	45.00
Machine Rentals	30	13,730.18	14,342.45	9,273.81	7,454.53	9,203.94
Association Dues	31	1,163.00	1,290.00	250.00	1,336.00	2,263.00
Risk Management Insurance	32	0.00	0.00	1,060.00	1,116.00	1,187.00
Food Products	33	0.00	0.00	0.00	0.00	30.00
Clothing & Household	34	842.12	508.14	396.34	675.14	253.64
Advertising	35	906.34	0.00	0.00	175.63	142.48
Research, Educational & Medical	37	0.00	0.00	0.00	950.00	1,271.60
Maintenance Contracts	38	32,882.47	41,871.51	40,364.83	18,801.73	20,501.49
Security	41	0.00	0.00	0.00	60.00	0.00
Hospitality	42	591.55	532.62	1,013.42	11,323.82	10,833.00
Miscellaneous	51	2,944.65	2,564.38	11,484.70	8,454.35	13,137.15
Tranining & Development	52	0.00	0.00	0.00	0.00	41,688.85
Repair And Alterations						
Labor	60	6,897.00	4,537.23	982.73	3,267.24	1,569.83
Office Equipment	61	1,141.51	1,677.25	1,353.35	2,429.46	2,651.68
Building Household & Communication	63	4,481.49	168.09	0.00	0.00	0.00
Building	64	2,632.72	11,108.97	1,232.85	948.60	0.00
Other	68	0.00	0.00	18.39	919.80	12.48
Equipment						
Office Equipment	70	13,119.67	14,745.85	78,652.08	82,314.40	50,426.38
Household	73	1,029.22	0.00	0.00	0.00	0.00
Building	74	3,194.00	0.00	0.00	0.00	0.00
Books & Periodicals	77	265.30	29.84	0.00	177.50	247.46
Other	78	0.00	0.00	4,405.95	3,225.42	23,266.42
Other Extraordinary Disbursements						
Payment of Claims	81	0.00	0.00	0.00	475.00	0.00
		2,951,914.94	2,963,889.39	3,251,470.17	3,082,326.85	3,252,941.66
Source of Information: State Auditor's Office - Line Item Report						

West Virginia Division of Personnel		APPENDIX A			
Unaudited Financial Information					
Five Year Summary					
Line	Item	FY 91	FY 92	FY 93	FY 94
	#	Actual	Actual	Actual	Actual
Description		Amount	Amount	Amount	Amount
Beginning Balance		0.00	393,000.57	838,478.04	886,668.38
Ending Balance June 30,		310,076.97	783,397.53	799,046.22	1,041,281.85
Revenues		3,261,992.21	3,402,757.95	3,301,750.86	3,361,398.48
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Annual Increment	4	34,452.00	34,452.00	0.00	0.00
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Utilities	23	3,111.20	1,389.60	1,797.00	1,780.50
Telephone	24	15,105.11	11,432.10	12,443.42	13,320.23
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IS & C	27	42,301.86	17,091.60	49,483.60	73,198.05
Consultants	28	0.00	0.00	0.00	0.00
Vehicle Rental	29	4,958.23	4,920.00	5,590.06	(1,018.60)
Machine Rentals	30	13,730.18	14,342.45	9,273.81	7,454.53
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Risk Management Insurance	32	0.00	0.00	1,060.00	1,116.00
Food Products	33	0.00	0.00	0.00	0.00
Clothing & Household	34	842.12	508.14	396.34	675.14
Advertising	35	906.34	0.00	0.00	175.63
Research, Educational & Medical	37	0.00	0.00	0.00	950.00
Maintenance Contracts	38	32,882.47	41,871.81	40,364.83	18,801.73
Security	41	0.00	0.00	0.00	60.00
Hospitality	42	591.55	532.62	1,013.42	11,323.82
Miscellaneous	51	2,944.65	2,564.38	11,484.70	8,454.35
Training & Development	52	0.00	0.00	0.00	0.00
Repair And Alterations	60	6,897.00	4,537.23	982.73	3,267.24
Labor					
Office Equipment	61	1,141.51	1,677.25	1,353.35	2,429.46
Building Household & Communication	63	4,481.49	168.09	0.00	0.00
Building	64	2,632.72	11,108.97	1,232.85	948.60
Other	68	0.00	0.00	18.39	919.80
Equipment					
Office Equipment	70	13,119.67	14,745.85	78,652.08	82,314.40
Household	73	1,029.22	0.00	0.00	0.00
Building	74	3,194.00	0.00	0.00	0.00
Books & Periodicals	77	265.30	29.84	0.00	177.50
Other	78	0.00	0.00	4,405.95	3,225.42
Other Extraordinary Disbursements	81	0.00	0.00	0.00	475.00
Payment of Claims					
Source of Information: State Auditor's Office - Line Item Report		2,951,914.94	2,963,889.39	3,251,470.17	3,082,326.85
					3,252,941.66

Appendix B		
Results of Personnel Phone Survey conducted 8,9,13,14 Nov 1995		
QUESTION		
Frequency	% of Pop.	
1. What agency did you contact for your position?		
a. DOP	26	0.52
b. other	24	0.48
2. How did you first learn of the position?		
a. DOP Counselor	1	0.02
b. Employment Security	3	0.06
c. High School Counselor	0	0
d. College Placement Office	2	0.04
e. Rehabilitation Office	0	0
f. Radio Announcement	0	0
g. Newspaper	3	0.06
h. Friend or Neighbor	8	0.16
i. State Employee	7	0.14
j. State Agency Referral	12	0.24
(includes DOP job postings)		
k. Other:	14	0.28
3. Where did you obtain the application and job description packet?		
a. DOP	22	0.44
b. Agency:	19	0.38
c. Other:	9	0.18
4. Did you ever talk to DOP?		
Y. yes	23	0.46
N. no	26	0.52
x. no response	1	0.02
Sample Size is 50 or 3.3% of overall population of 1489 employees hired during FY 94/95. Confidence level is 95% + or minus 5%--		

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112



Gaston Caperton, Governor
Andrew N. Richardson, Commissioner
of Employment Programs

May 24, 1993

Issue Area III

Max Farley
WV Division of Personnel
5790-A MacCorkle Avenue, SE
Charleston, WV 25304
Dear Mr. Farley,

Thank you for your prompt response to my request for actual monetary figures that your Division was willing to provide to the Bureau of Employment Programs to fund staff to conduct Civil Service testing in our offices. I have presented your proposal to Commissioner Richardson as well as the management staff of our Division.

After some deliberation, we have determined that we are not interested in continuing this testing service for the amount you have proposed. We simply cannot afford to provide the services necessary for less than \$120,000.

We appreciate your offer and will provide facilities and scheduling, as per Commissioner Richardson's letter dated February 11, 1993. Please contact me if you have additional comments. We will be notifying our offices of the revised testing schedule on May 28, 1993.

Sincerely,

Richard Westfall
Chief of Basic Services

cc: Andrew N. Richardson
Anthony Selario
R. Allen Wright
Phillip Hayden
Frank Chambers

Issue Area III



Gaston Caperton, Governor
John Ranson, Secretary
Commerce, Labor and Environmental Resources
Andrew N. Richardson, Commissioner
Employment Programs

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

August 10, 1994

Robert L. Stephens, Jr.
Director of Personnel
Bldg. 6, Room 416
Charleston, WV 251305-10139
Dear Mr. Stephens:

As you are aware, the Bureau of Employment Programs currently schedule and provide facilities for the administration of Civil Service tests. Recently, the Employment Service Division successfully negotiated for the Job Training Partnership Act Assessment and Case Management Centers (ACMC's). These centers are to be housed within the Job Service centers throughout the state of West Virginia. To allow for space for these centers, we regret that we cannot continue to provide facilities for Civil Service testing.

We are happy that we could provide this service for so long to the citizens of our state, but we will not have the facilities available to test. This has been a beneficial arrangement for both of our organizations, and we look forward to being able to assist you in the future.

We plan to cease providing these services as of September 2, 1994. If you have any questions or wish to discuss this further, please contact me.

Sincerely,

Andrew N. Richardson
Andrew N. Richardson
Commissioner

We are now ready to deploy our full efforts towards redesigning the processes in Administration and the Auditor's Office. For Administration, we will be redesigning and automating the posting positions and compensation, position control, hiring employees, leave administration and accounting, discipline and grievance processing, training and skills tracking, and performance appraisals. In the Auditor's Office functions, we will be redesigning and automating the entire payroll processes including garnishments, overtime processing, tax calculation, authorization of payroll via electronic signature, conversion to pay in arrears, improved internal controls, and improved reporting. The new system will provide automation of all these areas and will be accessible online by agencies. The system will perform all functions related to posting, recruiting, hiring, enrolling for benefits, position funding, salary administration etc. for all agencies, and all central organizations such as DOP and the Auditor's office.

The Division of Personnel (DOP) has only been in existence since 1989. Since that time, the management of DOP has been considering automation of several manual tasks within their operation. From 1990 to 1994, most of our resources have been applied to completing the required financial accounting and expenditure processing functions in government. It was acknowledged that the current payroll process and the hiring process that all agencies have to deal with are essentially manual and very labor intensive. Most of these activities utilize 1960's technology. The use of the WV-11 form and Auditor's Master File Change Sheets, CPRB reports, CS-OO reports are prime examples. It was determined that the State had over 275 FTE's involved in payroll activities. It was understood by all that as soon as the primary applications for financial accounting were completed, that payroll would be the next major statewide automation project.

Dear Dr. Jones:

RE: Your Letter of November 20

Antonio E. Jones, Ph.D.
Director
WV Legislature Performance Evaluation and Research Division
Building 5, Room 751 A
1900 Kanawha Boulevard, East
Charleston, WV 25305-0592

November 22, 1995

Gaston Caperton
Governor

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
State Capitol
Charleston, WV 25305



Chuck Polan
Cabinet Secretary

These changes are expected to lead to significant savings in reductions of manual labor and reductions of staff. The time period required to process payroll will be reduced. Please refer to the attached pay period schedule. The target areas are the key punch staff in the Auditor's office, the key punch staff in the Budget office, the staff in several areas within the DOP who presently process data directly into PC databases and manual card files. In addition, centralization of tax filing and reporting for all of State government can be accomplished which will lead to savings within agency staffs.

The system which the DOP is presently pursuing was authorized by Chuck Polan as an interim step. If progress can be made to develop an electronic database of information concerning the State's employees, this will be useful to assist in the conversion of the new Statewide System to full production. Many agencies still have information on paper in file cabinets. The step approved by Secretary Polan was to allow this data on paper to begin to be automated to assist the bigger goal. The DOP system does not tie in to the payroll process or provide any elimination of manual forms such as WV-11 or Auditor's Masterfile Change Sheet. In fact, it is requiring agencies to provide additional paper forms, which are manually keyed in by DOP.

The cost of the new HRIS is not expected to be \$8.7 million. Our budget for the completion of the system is as follows:

Andersen Consulting	\$2.6 to \$3.5 million
PeopleSoft software	\$500,000 to \$650,000
ISC internal software	\$250,000
Small agency equipment	<u>\$100,000</u>
Totals	\$3.4 to \$5.0 million

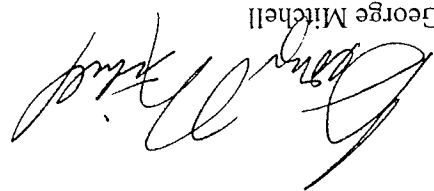
The funding for this project will be provided by the Division of Finance GAAP Appropriation combined with funds to be provided by ISC. No additional or increased funds over current appropriation levels are needed.

It is not expected to have any negative impact on the fees charged by DOP. If the project is as successful as we anticipate, the actual cost of running DOP may actually be reduced.

ISC will charge agencies for using the system, in the same manner as they do for WVFIMS. It is also expected that as the customer base of ISC is increased, that the rates of ISC may again be reduced in a similar fashion as they have been since WVFIMS went online.

Finally, agency managers have expressed extreme interest in this project. They all recognize the savings in time, effort and labor which this project will provide. They also recognize that for the first time, they will have a real payroll/HRIS system which will allow them to manage their largest budget item. They will also be able to access this information utilizing graphical user interface tools such as Crystal Reports, Excel, Lotus etc. and to perform ad hoc queries utilizing Natural language query and NVision tools. The PeopleSoft system will be a system which will place WV in a leadership position with respect to it's systems and infrastructure.

I hope this addresses your concerns. Attached you will find a document with more details. I would like to offer my time to meet with you and discuss any of these items in more detail if you choose. My number is 558-4083.



George Mitchell
Deputy Secretary

GWM
Attachments - HRIS Objectives
Pay Period Schedule

PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

STATE-WIDE

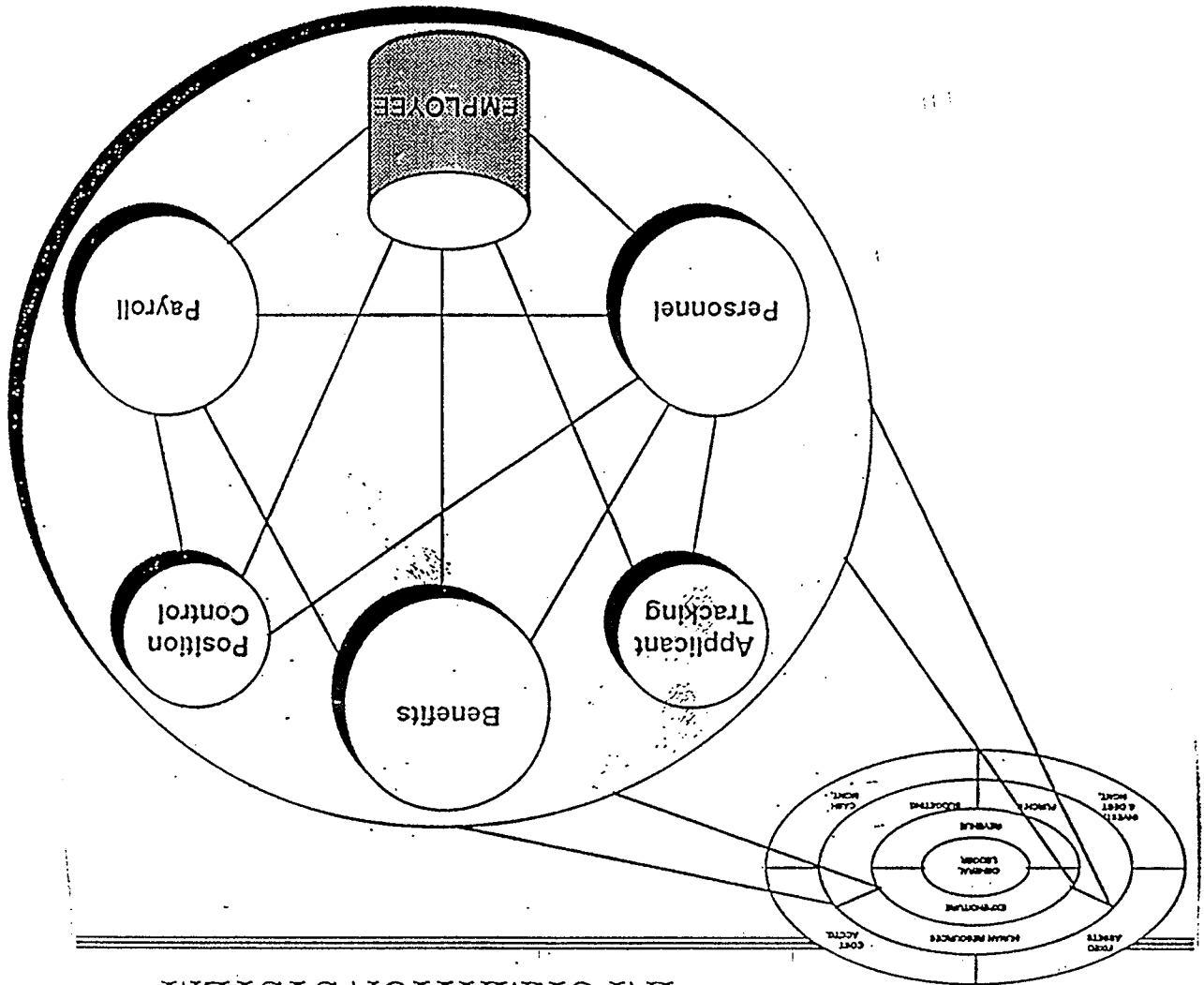
DEPARTMENT OF ADMINISTRATION

MISSION STATEMENT

To further enhance the West Virginia Financial Information Management System through development of a Human Resource Information System Payroll Module, thereby automating manual tasks, streamlining and improving current processes and eliminating duplication of systems and efforts, so that the payroll of the State is managed in the most cost effective manner.

DEPARTMENT OF ADMINISTRATION
STATE-WIDE PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

WRHIMS HUMAN RESOURCE
INFORMATION SYSTEM



State of
West Virginia

WV STATEWIDE PAYROLL SYSTEM

HRIS/Payroll Team Charter

Department of Administration

State Auditor's Office

Division of Information Systems and

Communications

Preamble:

Project will be completed in Client/Server Architecture.

The new computing model will allow the old processes to be redirected by deploying technology so that computing power and business productivity can be distributed to people throughout the State in order to add value to the operation of government.

The driving forces for client/Server applications are the demand for easier to use interfaces and event driven applications which lead to improved productivity and quality of customer service.

The price and performance of desktop and server platforms are leading to more efficient use of computer resources which will enable the State to lower overall operating costs.

The demand for better access to decision data and support for business processes, leading to applications that better match the organizational structure of the State and the natural way to support their missions.

The ability to now exploit new technology and high productivity tools which will lead to faster responses to Agency needs.

WV STATEWIDE PAYROLL SYSTEM

HRIS/Payroll Team Charter

System Characteristics:

The major components of the new HRIS/Payroll system will include:

1 Time and attendance - HRIS will provide ability to enter hourly employees time. HRIS will automatically calc overtime. HRIS will automatically post leave taken to individuals records. HRIS will automatically track holidays. HRIS will provide periodic reports on leave. HRIS will automatically accrue all leave at the individual level. HRIS will provide leave and attendance reports at individual and org total levels.

2 Applicant tracking - HRIS will allow applications/resumes' to be scanned and/or entered. HRIS will allow managers to review applications and resumes' online. HRIS will maintain review pool of all potential applicants online. HRIS will maintain application data online for a period set by applicant.

3 Position control - HRIS will allow a position to be budgeted for an annual salary. HRIS will prevent overspending of a position. HRIS will total all positions for an appropriation and prevent overspending of annual account level appropriation. HRIS will require annualized salary. HRIS will track overtime at the individual position level. The HRIS will provide for employees to be paid from multiple accounts and to be split at certain % on multiple accounts.

4 Payroll processing - HRIS will automatically update payroll data from information provided by agencies. The HRIS will not require separate payroll information be provided to State Auditor's Office (SAO). The HRIS (payroll segment) will be administered and controlled within the SAO. All payroll checks will be printed in the SAO. The HRIS will be linked to WVFIMS for checking of available funds. The HRIS will allow checks to be printed ahead of due date if needed. The HRIS provide both the SAO and Agencies with all reports necessary to administer payroll. The HRIS will afford efficiencies, such as centralized payroll processing; centralized tax administration; and centralized benefit administration, etc.

System Characteristics (Cont'd):

5 Personnel - The HRIS will utilize workflow to automate the processes both within the Division of Personnel (DOP), Higher Ed. Personnel and Dept. Of Education Personnel and those that interact with external constituents or contacts. HRIS will not include functionality which administers testing. HRIS will provide the DOP with all required information, thereby eliminating the need for Agencies to manually prepare and separately report data to DOP. The DOP will utilize the HRIS for most interaction with Agencies. The DOP will be reviewed for streamlining and improvement. A balance between external Agency needs and central regulatory needs must be established. The HRIS will eliminate most paperwork in the current process. The HRIS will afford quicker DOP response to Agency needs and provide automatic controls and edits which will provide efficiencies and improved regulatory control. The HRIS will provide base benefits enrollment.

6 WFVIMS integration/interface - Agencies will not have to enter any duplicate data in order to process payroll transactions. The HRIS will be linked to WFVIMS in a fashion which provides upfront encumbrance accounting and back-end liquidity control. In addition, the HRIS will utilize the official org. table in WFVIMS thereby eliminating the need to maintain two tables. The HRIS will be linked to other required WFVIMS tables to provide edits and controls over financial codes and other appropriate data elements. The HRIS will have linkage to WFVIMS in the position control function; in the employee file; in the general ledger interface; in the user ORG ID; in the paysheet data (edit to valid accounts); potentially in the payment of benefits thru A/P; report writer access and other areas where cost/benefits are positive.

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

The level of functionality desired:

1	GUI
2	Windows compatible
3	OLE compatible
4	DDE compliant
5	SQL query and Ad Hoc reporting tool accessible
6	User friendly
7	Multiple security level controls
8	Ease of linkage to WVFIMS account code structure
9	Capable of tracking cost at center/sub-org codes/divisions etc.
10	Utilizes workflow principles

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from Agency perspective):

Agency managers will be able to use the HRIS to support their mission critical activities.

Agency managers will be able to access data concerning their employees.

Agency managers will have information from the HRIS which will help them manage their payroll expenditures.

Agency managers will utilize the HRIS to perform employee development and evaluation activities.

Agency managers will utilize the HRIS to perform "what if analysis".

Agency managers will view the HRIS as a valuable tool which assists them in fulfilling their complex responsibilities.

Agency accountants will utilize the HRIS for improved management accounting and reporting.

Agency accountants will utilize the HRIS for improved operating efficiency.

The HRIS will reduce the operating costs of the Agencies.

The HRIS will provide improved methods for personnel transaction processing.

The HRIS will enable them to reduce manual tasks and low value tasks.

WV STATEWIDE PAYROLL SYSTEM **HRIS/Payroll Team Charter**

System Vision (from Auditor's Office (SAO) perspective):

The HRIS will allow data entry staff to be re-deployed

The HRIS will standardize payroll processes

The HRIS will be used by 100% of State Agencies without interfaces

The HRIS will improve the end of month process in SAO

Payroll checks will be printed in SAO

Administrative system control over payroll will reside in SAO

SAO will control gross to net calculations

The HRIS will allow the SAO to run checks ahead of time to ease printer demands

The HRIS will support direct deposit

The SAO will control what withholdings are allowed

Agency staff will perform all data entry

The HRIS will ensure that all statutory salaries are controlled

The HRIS will provide information on number of employees

The HRIS will tie to WVFIMS for liquidity control

WV STATEWIDE PAYROLL SYSTEM

HRIS/Payroll Team Charter

System Vision (from State Budget Office (SBO) perspective):

The HRIS will control personal services (PS) spending

The HRIS will automatically prevent overspending of PS appropriation

The SBO will utilize the HRIS to replace WV-11 forms

The SBO will utilize the HRIS as decision support database

The SBO requires the HRIS to have rich query and report writing capability

The HRIS will provide the position control required under State law

The HRIS must be stable and provide consistent data

The HRIS must allow FTE reporting

The HRIS must allow employees to be on multiple appropriation accounts in multiple positions

The ongoing HRIS system support team in ISC must be knowledgeable and responsive to SBO requests for reports

The HRIS will support the preparation of budget requests and expenditure schedules

The HRIS will produce PS worksheets

The HRIS will provide complete data on every employee (including Hi-Ed)

WV STATEWIDE PAYROLL SYSTEM **HRIS/Payroll Team Charter**

System Vision (from Div. Of Personnel (DOP) perspective):

The HRIS will automate some of their manual tasks

The HRIS will provide basic employee data

The DOP will utilize the HRIS to process WV-11 transactions

The DOP will utilize the HRIS to analyze information to support the creation of timely and relevant training classes

The DOP will utilize the HRIS to provide employee statistical information to legislative and other authoritative bodies

The HRIS will eliminate manual files and employee "cards"

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from ISC Div. perspective):

The HRIS will be a Statewide application

The HRIS will utilize the mainframe as a data base server

The HRIS will be operated on a WAN centrally controlled by ISC

The HRIS will make it easier for ISC to hire employees

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from Secretary Polan's perspective):

The HRIS will be an "open" system

The HRIS will produce W-2's annually

The HRIS will allow payroll processing to be centralized

The HRIS will reduce the number of FTE's currently deployed to perform payroll

The HRIS will eliminate WV-11's

The HRIS will provide a central decision support data base

The HRIS will allow the DOP to be more responsive to Agency needs

WV STATEWIDE PAYROLL SYSTEM
HRIS/Payroll Team Charter

System Vision (from Higher Ed perspective):

HRIS will provide ability to handle their complex environment

HRIS will handle multitude of deductions

HRIS will handle tenure

HRIS will handle their unique FTE definition

HRIS will allow professors who work 9 months to be paid over 12 months

HRIS will allow them to control their data

HRIS will provide Charleston central government with a sub-set of their total data

HRIS will afford WVU with efficiency gains

HRIS may be standardized for all of Higher Ed

DEPARTMENT OF ADMINISTRATION
STATE-WIDE PAYROLL AND HUMAN RESOURCE INFORMATION SYSTEM

OBJECTIVES

IMPROVE EFFICIENCIES AND REDUCE COSTS

1. Eliminate numerous manual tasks and efforts
2. Eliminate duplicate, redundant systems
3. Decentralize data entry
4. Improve the timeliness and accuracy of payroll processing
5. Automate or eliminate the paper WV-11 form
6. Reduce paperwork associated with payroll and hiring
7. Automate Auditor's Master File Change Sheets
8. Institute payroll in arrears to eliminate supplemental payrolls
9. Automate the hiring process including registers, changes and authorizations
10. Automate general ledger integration for encumbrance and liquidity checking and expenditure posting
11. Automate applicant tracking
12. Institute direct deposit of employee payroll checks
13. Automate Budget position control integration
14. Automate/revise enrollment and subsequent changes into health care, savings plans, flexible benefits, etc.
15. Provide payroll support/on-line help

REPORTING

1. Improve Management reporting through direct on-line query and on-line report generation
2. Consolidate filing of payroll taxes and other required filings including Internal Revenue Service, Social Security, Consolidated Public Retirement contributions, Workers' Compensation premiums, State Income Tax and Unemployment taxes.
3. Streamline benefit payments to the Public Employees' Insurance Agency and other benefit administrators
4. Eliminate/automate CS-00, Consolidated Public Retirement Board, Public Employees' Insurance Agency and other reporting requirements
5. Automatically generate period-end Equal Employment Opportunity reports
6. Reduce the number of Federal Employee Identification Numbers by consolidating the payroll process

OBJECTIVES, cont.

INTERNAL CONTROLS

1. Improve Internal Controls
2. Automate time and attendance
3. Automate leave tracking, accrual and reporting
4. Standardize Personnel policy through automation
5. Replace manual review and approval with automated controls and edits and shorten the payroll cycle
6. Centralize and automate the Division of Personnel's files with security access control
7. Develop consistent terminology and processing

BG(Rel)RLSjr:TMC/

Attachment

I have attached the Division of Personnel response to your unit's draft performance audit report which was delivered to my office the afternoon of November 29th. Thank you for allowing us an additional day to prepare our response.



DATE: December 6, 1995

RE: Response to Draft Performance Audit Report

FROM: BG (Rel) Robert L. Stephens, Jr., Director
Division of Personnel
RLSjr

TO: Antonio E. Jones, Ph.D., Director
Performance Evaluation and Research Division

MEMORANDUM

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
DIVISION OF PERSONNEL

Gaston Caperton
Governor
Robert L. Stephens, Jr.
Director

STATE
PERSONNEL BOARD
John A. Canfield, Chairman
Rev. Paul J. Gilmer, Member
Sharon H. Lynch, Member
Roger Morgan, Member
Eugene Stump, Member



Issue Area I:

The Division of Personnel Has Failed to Consolidate All Personnel Functions Into a Cost-Effective Centralized Agency.

Response:

The data upon which this conclusion is based is in error. Table 1, History of Personnel Positions By Full Time Equivalents (F.T.E.), shows 76 positions in state agencies pre-centralization. In fact, there were 178 positions in state agencies pre-centralization which were identified by those agencies as having some payroll or personnel function. Of these 178 positions, 76 were identified by the implementation task force as having primarily a personnel function and thus those positions were transferred to the Division of Personnel by Executive Order 11-89. The remaining 102 positions were identified as primarily performing duties which were to remain within the agencies (time reporting and payroll posting, initiation of requests to fill vacancies, etc.) and thus the positions also remained with the agencies. Consequently, any comparison should be made between the accurate total number of positions pre-centralization, that is, 219, and your current number, 128, which indicates a decrease of 91 positions. In addition, the cost comparison should be made between the actual salaries of those 219 pre-centralization positions, adjusted to reflect an average 19.51% increase in executive department salaries since January, 1990, and the current salaries shown in the table.

In addition to the data being erroneous, I believe there is a basic misunderstanding of the role of the Division of Personnel relative to the role of the "personnel" positions existing in state agencies. Chapter 29, Article 6 of the West Virginia Code, particularly sections 7 and 10, sets out the responsibilities of the Division of Personnel. These include staffing, classification, compensation, payroll audit, employee relations, training and development and staff services. The Division of Personnel provides centralized administration of these functions by establishing and maintaining uniform standards and procedures which are based on professional personnel principles. The "personnel" positions in the agencies on the other hand, are involved in these functions only to the extent that they initiate and/or coordinate requests for these services. Consequently, we do not consider the function of these positions to be a personnel function, but rather an administrative function.

Issue Area II:

The DOP as of June 30, 1995 Accumulated a Surplus Balance of

West Virginia Division of Personnel
Response to Draft Performance Audit

Approximately \$2.3 million by Assessing Agencies for Classified-
Exempt and Vacant Positions and Neglecting to Reduce the Fee to
Reflect the Cost of its Operations.

Response:

Again, the data upon which this conclusion is based is erroneous. In addition, the assumptions regarding classified-exempt and vacant positions are not supported either by the statutory mandates nor by actual practice.

First, as of the close of Fiscal Year 1995, the Division of Personnel had a cash balance of \$1,139,228.27 (see attached Auditor's Report). Our aged accounts receivable amounted to \$620,911.50, of which \$492,825.82 was cumulative from FY91 through FY94. Of the total aged accounts receivable, \$376,288.08 (61%) is due from the Department of Education which contends that it is a constitutional office and thus exempt from our fees, in spite of the fact that the department regularly avails itself of our services. Another 26% (\$162,168.75) is due for temporary and seasonal employees of state parks (see attached letter). Thus, even assuming some likelihood of collection of fees due from previous fiscal years, the "surplus" would not exceed \$1,760,139.77.

Second, the fee structure developed by the Division of Personnel was never based on 117 personnel positions and associated costs. Legislation authorizing the Division of Personnel to charge fees was not passed until 1990 and went into effect in FY91. The Division of Personnel budgeted 83 FTE's in FY91 for an annualized personal services amount of \$1,988,570. We have reached our current level of staffing by attempting to comply with the Governor's request for a 10% reduction in staff statewide (see attached memorandum). In addition, we have not filled vacant positions to comply with a hiring freeze imposed by the Governor's Office. Considering the average 19.51% increase in executive department salaries since January, 1990, our current budget for personal services (\$2,039,638 for 75 FTE's) is less per FTE position in the Division of Personnel than the FY91 personal services budget.

Third, the assumption that agencies receive limited services for classified-exempt and vacant positions is not supported by the facts. Approximately 33% of our total budget is allocated for expenses directly attributable to services provided to fill vacancies. This can hardly be characterized as a limited service. In regard to classified-exempt employees, the fact that they

are not covered by merit system standards does not mean that the Division of Personnel does not provide services for them. (If that were the case, the Legislature would not have abolished the Civil Service System and established the Division of Personnel.) We provide the same services for classified-exempt employees as for classified employees and agencies use these services to a significant extent, both actively and passively, for their classified exempt employees. For example, correctional officers at the various regional jails are hired from certified lists of applicants we provide to them; these correctional officers are classified-exempt employees. Agency heads and individuals in policy-making positions regularly attend training offered through our Center for Quality Government, the expenses of which more than adequately justify the charged fee.

Fourth, the statement regarding reimbursements for personal services, "... (The costs were not a true reflection of administering the provisions of the DOP article..."; appears to imply that fees collected from state agencies were used for expenses unrelated to administering the DOP article. In fact, the reimbursements were sought and received specifically to avoid state agencies' fees from being used for anything other than services to them.

Issue Area III: DOP Recruitment Efforts Are Inadequate.

Response: Parts of the recommendations made are useful and should be adopted. However, much of the discussion leading to the recommendations is either factually incorrect or overstated to the extent as to make it misleading.

Those forms of recruitment labeled as "passive" are the foundation of an open, competitive hiring system. Other more aggressive forms of recruitment are in addition to the usual announce procedure. We design our procedure to anticipate vacancies and establish registers in advance. During FY94\95 we successfully anticipated and established advance referral lists for 92% of all vacancies. During the last twelve calendar months our success rate is 96%.

The section intended to describe the recruitment process (page 16) actually describes the hiring process. The description mixes the posting of job vacancies used to notify internal candidates (current employees) and the procedures used to notify external candidates. The usual procedure for filling

**West Virginia Division of Personnel
Response to Draft Performance Audit**

a professional position is for the agency to request a certified list of candidates from the DOP. In 90% (see the footnote on page 18) of the cases they receive a list of qualified candidates. In those cases in which no names are available, we announce the job class for testing and a register is established. Additional forms of recruitment are necessary about five times a year.

The section describing recruitment activity seems to discount the effectiveness of the examination announcement distribution process. It says "1008 examination announcements are periodically sent. . . ." In fact the number of announcements mailed varies with the type of organization. One of those 313 state offices on our mailing list is the Bureau of Employment Programs which receives **hundreds** of announcements for distribution to their Job Services Offices. All of the college placement offices receive copies of the announcement. We acknowledge that many organizations to which we send our announcements do not use the information effectively -- especially the radio and tv stations. Most, however, do want and use the information.

Verification of this is found in the Recruitment Survey chart found on page 16. For example, it is reasonable that a person who wants to be a social worker will contact their local Human Services office. There, because the DOP effectively distributed current information, the applicant can obtain a description of the qualifications required for the position and find out where examinations are offered. Applicants who do not know what kind of employment to seek usually visit the DOP office for counseling. Applicants who know exactly what type of job, or in what office they want to work will go to that office and inquire. It is important that the DOP keep the agencies informed so that they can properly direct candidates. The fact that candidates obtain accurate job information from agency offices is a tribute to, not an indictment of the recruiting activities of the DOP.

The anecdotal commentary at the top of page 15 is interesting. Anytime a need to do special recruiting arises, there is "a problem." Recruiting should be a proactive process, but is frequently a reactive process causing an extended hiring process. Sometimes the low pay of state jobs is a significant, almost insurmountable, difficulty in recruiting. While neither of these conditions is desirable, changes in the recruiting process will not affect them. Sometimes out-of-state recruiting is necessary or desirable. We suspect that the person

**West Virginia Division of Personnel
Response to Draft Performance Audit**

who said that the "DOP is worthless when it comes to recruiting" was unaware that:

- ▶ We have held special job fairs on weekends to attract candidates for certain jobs.
- ▶ We directly contact all of the agencies for help in deciding which job classifications will need to have registers established during the next calendar quarter.
- ▶ Our recruiting procedures allowed there to be 28,000 candidates now on the registers who want state jobs.
- ▶ We directly contacted more than 140 agency personnel to obtain information about future hiring expectations before the beginning of our recruitment schedule.
- ▶ We have attended every professional level recruiting event in West Virginia during the last two years.

We do not think any change in the relationship between agencies and the DOP in regard to recruiting is warranted because (1) our role is to help agencies in filling vacancies, (2) the agency supervisor is the first to learn of a pending vacancy, (3) only the appointing authority knows whether he or she will fill a vacancy, and (4) only the agency knows whether the duties of the previous incumbent will remain unchanged. Consequently, the agency necessarily takes a leading role in filling the position. This includes defining the duties, forwarding that information to the DOP, distributing a posting, requesting a referral of names if they deem it necessary, and requesting recruiting assistance if necessary.

Because the DOP must advertise to establish registers, and because of our extensive contact with the public seeking a job with the state, we can assist agencies with filling hard-to-recruit positions. We know the hiring activity for all the job classes and attempt to maintain registers to speed up the hiring process. Recruiting after the vacancy becomes known is too slow as a matter of course. There were 1714 new hires during the last year and 111 provisionals. Therefore we were unable to immediately supply names for only about 6% of the requests we received. Whether this means the DOP recruiting is "worthless" or is even a "problem" is questionable.

In regard to the recommendation regarding the Job Services Offices, the DOP has used the Job Services Offices to give tests in the past. They are no longer available to us. Because of costs, the BFP ceased testing for the DOP in June 1994. We continued to use their offices but hired our monitors until September 1994 when Commissioner Richardson advised us that they no longer had space to accommodate our program. Copies of the correspondence are enclosed. In addition, we distribute significant volumes of all materials about our testing program to the Job Services Office. We are in frequent phone contact with many of these offices to coordinate our services with them.

Issue Area IV:

The Division of Personnel has never fully implemented a computerized Personnel Management Information System.

Response:

Please refer to the November 22, 1995 letter from George Mitchell, Deputy Secretary of the Department of Administration regarding this issue. Mr. Mitchell has accurately assessed and described the ongoing efforts at full implementation of a human resource information system. In addition to Mr. Mitchell's comments, the following information should help to clarify our current situation.

In November of 1992, the Division of Personnel requested proposals from a large number of vendors to obtain bids on a comprehensive payroll and personnel system. Only two vendors submitted proposals which were reviewed. At that time, it was determined that a commitment of this size was not viable. The Department of Administration continued to devote its resources to a higher priority project, the development and implementation of the West Virginia Financial Information Management System, with specific details regarding a personnel and payroll system to be determined at a future time.

Because of the need and desire to automate critical employee information, the Division of Personnel, in 1993, obtained a computer system from the Division of Highways which Highways had been using to maintain information on their employees. This system was modified by IS&C to meet our basic requirements and was then tested and ultimately put into operation for all divisions within the Department of Administration. Currently, we are

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preparing to bring this system on line in three organizations within the Department of Health and Human Resources.

This year, representatives from the Division of Personnel visited the State of North Carolina to evaluate their automated job posting vacancy system. We determined that the data we requested at no charge to the State other than the cost of the computer tapes. We, in turn, have modified the North Carolina system to develop a paperless job vacancy posting system that could be utilized by all State agencies. The primary goal is a reduction in the time required to promote or hire employees to fill the vacant positions. We are currently pilot testing this system within three State organizations and have scheduled training in December 1995 and January 1996 to prepare for additional areas of implementation in 1996.

We will continue to explore other sources of technology/systems that will improve both our access and agencies' access to human resource data necessary for the effective management of state government.

Issue Area V:

DOP Has Not Fully Established Apprenticeship Programs As Mandated By the WV Code.

Response:

While we believe the proposed findings are correct, we do not believe that consideration was given to the fact that while we have the responsibility for establishing apprenticeship programs in cooperation with agencies, we do not have the authority to force an agency to implement an apprenticeship program.

Issue Area VI:

The Division of Personnel Policy Regarding Increment Pay Conflicts With §5-5 Of The WV Code And Was Written Without Proper Authority.

Response:

We offer the following to demonstrate that the finding on this issue is in variance with the West Virginia Supreme Court of Appeal case, State ex rel. Erwin v. Gainer, No. 16791 (August 2, 1985) (Unpublished Order). The Court accepted the following argument of the Civil Service Commission,

West Virginia Division of Personnel
Response to Draft Performance Audit

through its chairperson, Willard Erwin, and granted the relief sought in the petition for Writ of Mandamus by the Commission as a party to the matter.

Pursuant to Chapter 29, Article 6, W. Va. Code, the Civil Service Commission of the State of West Virginia is charged with the duty of, among other things, (a) certifying all state payroll account vouchers for its own employees and for all state employees covered by the West Virginia Civil Service system, (b) formulating, in consultation with state fiscal officers (including Respondent), a pay plan for all employees covered by the West Virginia Civil Service system, and (c) performing all lawful acts deemed necessary or desirable to carry out the purposes and provisions of Chapter 29, Article 6, of the W. Va. Code.

W. Va. Code § 29-6-9 transferred the duties and responsibilities of the Civil Service System to the Division of Personnel. Thus, the previous payroll certification still applies to the Division of Personnel and remains codified in Code § 29-6-14.

Additionally, the West Virginia Supreme court has held in Callahan v. DNR, 166 W. Va. 117, 273 S.E.2nd 72 (1980) that:

Our Civil Service System Act, Code, 29-6-1, et seq., is a conglomeration of statutes that must be read in pari materia.

Logically, personnel administration laws encompass more than the provisions of Code § 29-6-1 et seq. All provisions of State statutes affecting the administration of personnel within the classified service are within the purview of the Division of Personnel comprising a conglomerate and were envisioned as such by the Legislature when re-enacting 29-6-1 et. seq.

Further, W. Va. Code § 5 speaks of the general powers and authority of the governor, secretary of state and attorney general; board of public works; miscellaneous agencies, commissions, offices, programs, etc. The Chapter addresses a conglomerate of personnel issues affecting state employees, including salary increases, retirement, insurance, etc. Although 5-5-1 and 5-5-2 do not expressly grant authority to the Division of Personnel to promulgate a rule or policy on these articles, neither does 5-5-3 expressly grant authority to

**West Virginia Division of Personnel
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a particular agency on lump sum payments of accrued annual leave (one proviso is included). Accepting the logic of the Legislative Auditors, we are forced to arrive at the conclusion that no agency would be authorized to promulgate rules, regulations or policies on this article.

Issue Area II

MEMORANDUM

TO: Chuck Polan, Cabinet Secretary
Department of Administration

FROM: Robert L. Stephens, Jr., Director

RE: Staff Reductions of 4% and 10%

DATE: November 1, 1993

At the time the Governor requested a 10% reduction in staff, the Division of Personnel had 81 positions. I propose to effect the interim 4% reduction and ultimate 10% reduction in the Division of Personnel in the following manner.

4% Reduction (3 positions) by December 31, 1993

- ▶ Office Assistant 2 (vacant): Deleted 8/1/93.
- ▶ Public Information Officer (vacant): To be deleted.
- ▶ Secretary 2 (vacant): To be deleted.

10% Reduction (5 additional positions) by December 31, 1994

- ▶ Administrative Services Manager 3 (Margaret Robinson): employee to be put on higher education payroll by July 1, 1994 allowing us to delete position.
- ▶ EEO Officer (Tanya White-Woods): propose to move function from this Division allowing us to delete position.
- ▶ Secretary 1 (vacant): part of EEO staff move (see above) allowing us to delete position.
- ▶ Two additional positions to be deleted as vacancies are created by attrition (i.e. anticipated retirements or possible resignations) with a reduction-in-force as a last resort.

Please let me know if you need further information.

RLSjr.:TMC

*computer file
copy
TMC*

One basic and fundamental problem, however, is COST. Without boring you with the minutia of our administrative funding mechanism from the United States Department of Labor, let me simply state the following:

As you know, we have hoped for several years to capture entered employment data. Information for Fiscal Years 1989-90, 1990-91, and 1991-92 would potentially enhance our performance in the view of the United States Department of Labor. As per your recent response to this request, I have instructed Tony Selario to see that Richard Westfall pursues this with Max Farley.

By July 1991, 17 local Job Service offices in all areas of West Virginia were administering civil service tests. Since March of 1989, over 25,000 persons have been tested. Over 30,000 tests have been administered. The current no-show rate of 33.5% is comparable to the rate experienced prior to 1989.

We believed mutual goals of West Virginia's state personnel system and the Job Service would be achieved. We would broaden civil service testing to all areas of the state while improving the applicant pool in the Job Service offices (and, therefore, increase job placements and/or entered employment).

With across-the-board spending reductions imposed on general revenue agencies in January 1989, Tim Basford, Acting Director of the Civil Service System, approached me about temporarily housing two of his staff until the new fiscal year on 1989. After some dialogue, we agreed to inaugurate a pilot program whereby some Job Service offices would provide civil service testing. The first tests were administered in three Job Service offices on March 18, 1989.

This letter serves to share with you concerns that the Bureau of Employment Programs experiences regarding our financial ability to continue providing civil service testing to West Virginians.

Dear Mike:

Michael T. Smith, Director
Division of Personnel
Capitol Complex, Building 6, Room 456
Charleston, West Virginia 25305

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

Gaston Caperton, Governor
Andrew N. Richardson, Commissioner
of Employment Programs
August 28, 1992



Issue Area III

1. A special pool of "10%" grants have been used since FY 1989-90 to fund this program. We are limited in the use of our 10% money to projects of three years or less. We have now reached that limit.

2. Funded positions for all of the Employment Service functions decreased and is expected to be further reduced in the future. Currently, the Employment Service is operating with 14 fewer positions than last year.

3. Reclassification has increased annual costs to the Employment Service by \$192,587.

4. Carry-over reserves, now substantially depleted, have allowed expenditures for administration of the Employment Service to exceed grants for the past several years.

These problems are exacerbated by the time and costs associated with the civil service testing program. In FY 91-92, the Employment Service spent \$270,000 administering civil service tests. We spent 21,450 hours on this program, requiring 12.5 staff positions. These costs will increase with testing of correctional officers - a longer and more complicated test.

Stated differently, it costs the Employment Service \$30.83 for each person we test. I have attached data from our management information system regarding the number of people tested in each local office, number of tests administered, staff position costs, and a productivity report.

In summary, we are proud to work with the Division of Personnel and provide this vital service to our state. Nevertheless, costs have become prohibitive. We cannot continue to provide the testing service without funding from outside the Bureau of Employment Programs.

I welcome the opportunity to discuss this matter with you. Please contact my office at 558-2630 so that we can explore possibilities for resolving this funding dilemma.

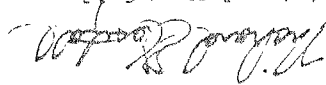
Very truly yours,

Andy Richardson
 Andy N. Richardson
 Commissioner

attachments
 cc: John Ranson
 Chuck Polan
 Tony Selario

cc: Andrew N. Richardson
Anthony Selario
R. Allen Wright
Phillip Hayden
Frank Chambers

Richard Westfall
Chief of Basic Services



Sincerely,

After some deliberation, we have determined that we are not interested in continuing this testing service for the amount you have proposed. We simply cannot afford to provide the services necessary for less than \$120,000. We appreciate your offer and will provide facilities and scheduling, as per Commissioner Richardson's letter dated February 11, 1993. Please contact me if you have additional comments. We will be notifying our offices of the revised testing schedule on May 28, 1993.

Thank you for your prompt response to my request for actual monetary figures that your Division was willing to provide to the Bureau of Employment Programs to fund staff to conduct Civil Service testing in our offices. I have presented your proposal to Commissioner Richardson as well as the management staff of our Division.

Dear Mr. Farley,

Max Farley
WV Division of Personnel
5790-A MacCorkle Avenue, SE
Charleston, WV 25304

May 24, 1993



Gaston Caperton, Governor
Andrew N. Richardson, Commissioner
of Employment Programs

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

Issue Area III

Issue Area III



Caston Caperton, Governor
John Ranson, Secretary,
Commerce, Labor and Environmental Resources
Andrew N. Richardson, Commissioner,
Employment Programs

Bureau of Employment Programs
112 California Avenue
Charleston, West Virginia 25305-0112

August 10, 1994

Robert L. Stephens, Jr.
Director of Personnel
Bldg. 6, Room 416
Charleston, WV 251305-10139

Dear Mr. Stephens:

As you are aware, the Bureau of Employment Programs currently schedule and provide facilities for the administration of Civil Service tests. Recently, the Employment Service Division successfully negotiated for the Job Training Partnership Act Assessment and Case Management Centers (ACMC's). These centers are to be housed within the Job Service Centers throughout the state of West Virginia. To allow for space for these centers, we regret that we cannot continue to provide facilities for Civil Service testing.

We are happy that we could provide this service for so long to the citizens of our state, but we will not have the facilities available to test. This has been a beneficial arrangement for both of our organizations, and we look forward to being able to assist you in the future.

We plan to cease providing these services as of September 2, 1994. If you have any questions or wish to discuss this further, please contact me.

Sincerely,

Andrew N. Richardson
Commissioner