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January 8, 2017

Performance Audit  
Recommendations and  
Corrective Actions for Audit:  
16-04

DEPARTMENTS OF HUMAN  
RESOURCES, INFORMATION  
& INNOVATION AND  
FINANCE & MANAGEMENT

Most Classified Employees in  
Three Departments Did Not  
Receive Annual Performance  
Evaluations for 2015

Dated: July 26, 2016

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# Overview

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The SAO makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Audit Number & Name	Rec #	Recommendation	Follow-Up Date	Status	Review Comments	
<a href="#">16-4 DHR, DFM and ADS (formerly DII): Most Classified Employees in Three Departments Did Not Receive Annual Performance Evaluations for 2015</a>	DHR-1	Amend personnel policy 7.0 to specify that completion of annual performance evaluations for confidential and managerial employees must be within a reasonable time period and define what constitutes a reasonable time period.	2017	Not Implemented	The Department of Human Resources (DHR) amended personnel policy 7.0, effective January 1, 2018. However, the amended policy does not specify that completion of annual performance evaluations for confidential and managerial employees must be completed within a reasonable time period nor does it define what constitutes a reasonable time period.	
			2019		The two-year recommendation follow-up for this audit will be conducted in 2019.	
	DHR-2	Include completion of annual performance evaluations in the DHR supervisors' performance expectations and assess whether they completed timely performance evaluations.	2017	Implemented	The DHR Deputy Commissioner reported this requirement has been communicated to all Directors and Managers on 8/18/17. DHR provided an example of a supervisor's performance evaluation which shows that annual performance evaluations are now included as an expectation which will be assessed annually. As of 8/18/17, 82% of annual evaluations for DHR classified employees are current.	
			No further follow-up is required because the recommendation was implemented.			
	DHR-3	Periodically review data regarding which supervisors have completed Supervising in State Government Level 1 (SSG1), and ensure that those supervisors that have not completed the course do so before the end of 2018.	2017	Implemented	DHR Deputy Commissioner reported there are sufficient training dates available to accommodate all supervisors who need to complete SSG1 before the end of 2018. DHR runs reports that show the supervisors that have completed the training and those that have not. Periodically, DHR provides these reports to update departments. Emails are sent to remind departments and agencies about this mandate. Reminders were added to the online HR Connect monthly newsletters for May 2016, April 2017, and July 2017. As of 8/21/17, 796 executive branch supervisors/managers have completed this requirement and 659 are in progress or yet to participate.	
		No further follow-up is required because the recommendation was implemented.				
DHR-4	Amend the Guide to the State's Performance Management System to include direction related to coordinating annual performance evaluation feedback among departments or supervisors when an employee transfers between departments or changes supervisors.	2017	Implemented	DHR Deputy Commissioner reported the Guide to the State's Performance Management System was updated on 8/24/17 and is posted on the DHR website. It states when an employee transfers from one department to another, it is the responsibility of the current department to ensure completion of a timely performance evaluation and that it should be coordinated between past and present departments and supervisors.		
		No further follow-up is required because the recommendation was implemented.				
DHR-5	Add materials to the SSG1 training that provide examples of the types of behaviors and skills that reflect the State's four performance ratings.	2016	Implemented	DHR Deputy Commissioner reported this recommendation is fully implemented and provided the materials that were added to the SSG1 training course in September 2017. The materials demonstrate the types of behaviors and skills that reflect the state's four performance ratings.		
		No further follow-up is required because the recommendation was implemented.				

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<a href="#">16-4 DHR, DFM and ADS (formerly DII): Most Classified Employees in Three Departments Did Not Receive Annual Performance Evaluations for 2015</a>	DHR-6	Periodically provide the tracking spreadsheets to Agency of Digital Services (ADS) and the Department of Finance and Management (DFM) officials to validate that the appropriate supervisors are listed.	2017	Implemented	DHR Deputy Commissioner reported this recommendation is fully implemented and provided examples of the tracking sheets that are periodically provided to the ADS and the DFM. In addition, DHR sends individual reminders to the supervisor each time a new hire or transfer is processed which includes the incoming employee's anniversary or end of probation date so the supervisor can update their tracking spreadsheet.
	No further follow-up is required because the recommendation was implemented.				
	DHR-7	Provide status updates to senior management of DHR, ADS, and DFM that show which employees have had evaluations when due and which supervisors have completed timely annual performance evaluations.	2017	Implemented	DHR Deputy Commissioner reported this recommendation is fully implemented and provided an example of a status report sent to DHR senior management on 8/9/17 along with the dates of other status reports sent to ADS, DFM, and DHR senior management.
	No further follow-up is required because the recommendation was implemented.				
	ADS-8	Include completion of annual performance evaluations in supervisors' performance expectations and assess whether they completed timely performance evaluations.	2017	Not Implemented	ADS reported that managers and supervisors of the former ADS staff have been verbally reminded of completing performance evaluations primarily during group meetings, management staff meetings and individually during feedback sessions. However, ADS did not provide evidence that completing annual performance evaluations has been written into managers and supervisors performance expectations. In addition, ADS indicated they have not assessed whether managers and supervisors have completed timely performance evaluations
	The two-year recommendation follow-up for this audit will be conducted in 2019.				
ADS-9	Obtain data from DHR regarding which supervisors have completed SSG1 and ensure that those supervisors that have not completed the course do so before the end of 2018.	2017	Partially Implemented	ADS reported they received a report from DHR which shows the supervisors that have completed SSG1 training and those who still need to register. As of 10/30/17, 42 supervisors and managers have completed the training. However, ADS did not provide evidence of reminding supervisors of this training or monitoring who has or hasn't attended the training.	
The two-year recommendation follow-up for this audit will be conducted in 2019.					
ADS-10	Obtain updates from DHR that show which employees have had annual performance evaluations and which supervisors have completed timely annual performance evaluations.	2017	Implemented	ADS reported receiving tracking spreadsheets from DHR periodically with the most recent one dated 10/16/17.	
No further follow-up is required because the recommendation was implemented.					

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<a href="#">16-4 DHR, DFM and ADS (formerly DII): Most Classified Employees in Three Departments Did Not Receive Annual Performance Evaluations for 2015</a>	DFM-8	Include completion of annual performance evaluations in supervisors' performance expectations and assess whether they completed timely performance evaluations.	2017	Partially Implemented	The Deputy Commissioner of DFM provided an example of a supervisor's performance evaluation which shows that annual performance evaluations are now included as an expectation which will be assessed annually. According to a report provided by the DHR, as of 8/14/17 50% of DFM classified employees received a timely annual performance evaluation. However, we were unable to confirm whether DFM confidential and managerial employees received timely annual performance evaluations because DHR has not defined what constitutes a reasonable time period for completion of annual performance evaluations for confidential and managerial employees.	
			2019		The two-year recommendation follow-up for this audit will be conducted in 2019.	
	DFM-9	Obtain data from DHR regarding which supervisors have completed SSG1 and ensure that those supervisors that have not completed the course do so before the end of 2018.	2017	Implemented	The Deputy Commissioner of DFM reported that all supervisors have participated and/or enrolled in the SSG1 course.	
	No further follow-up is required because the recommendation was implemented.					
	DFM-10	Obtain updates from DHR that show which employees have had annual performance evaluations and which supervisors have completed timely annual performance evaluations.	2017	Implemented	The Deputy Commissioner of DFM reported that DHR provided an update as of 8/4/17 that shows which employees have had an annual performance evaluation and the supervisors who have completed annual performance evaluations.	
	No further follow-up is required because the recommendation was implemented.					