

DEPARTMENT OF ADMINISTRATIVE SERVICES
HR AUDIT REPORT
2008 DIRECT APPOINTMENT AUDIT AND 2007 FOLLOW UP AUDIT



HR Audit Program

Report No. 2008 – 02

Human Resource Services Division

October 13, 2008

SUMMARY

The Audit Team has reviewed the direct appointments state agencies made during 2007. We found that 40 Executive Branch agencies made 186 direct appointments between January 1, 2007 and December 31, 2007. We reviewed all the direct appointments to see if the agencies followed the rules, HRSD policy, or collective bargaining agreements.

We asked agencies to provide the documents for each direct appointment. Agencies provided the documents for 96 percent of the positions in the audit. We reviewed these documents to see if they complied with Oregon Administrative Rule (OAR) 105-040-0050 "Direct Appointment," HRSD State Policy 40.055.01 "Appointment to the Unclassified Executive Service," or collective bargaining agreements (CBAs). We also reviewed the documents to see if they included everything required by OAR 105-040-0050(3), HRSD State Policy 40.055.01, or applicable CBA.

We found that 71 percent of the direct appointments identified the criteria and 70 percent included the required documents.

We also did a follow-up to our 2007 Direct Appointment Audit. We reviewed the final findings for the agencies in the 2007 Direct Appointment Audit. The final letters for 15 agencies contained corrective actions and recommendations. We asked each of these agencies to provide information on the steps taken in response to the corrective actions or recommendations. All of the agencies responded with information.

We found that all of the agencies completed the corrective actions or implemented the recommendations.

BACKGROUND

ORS 240.306 Methods of Selecting Employees for Service – lists the criteria, procedures and duties of state agencies when recruiting, selecting and promoting employees.

OAR 105-040-0050 Direct Appointment – provides state agencies with an alternate method to the open competitive process when making appointments to classified unrepresented and management service positions, and initial appointments to all classified positions.

HRSD State Policy 10.025.01 Audit of Human Resource Management Practices – provides that the HR Audits Unit of HRSD will identify corrective actions needed based on audit findings, and follow up to ensure state agencies complete corrective actions.

HRSD State Policy 40.055.01 Appointment to the Unclassified Executive Service – delegates authority and discretion to agency heads to make direct appointments to the unclassified executive service without a competitive process provided certain criteria are met. It further states that agencies

need to obtain approval from the director of the Department of Administrative Services when a noncompetitive appointment does not meet the specified criteria.

Collective Bargaining Agreements – many CBAs contain provisions relating to filling vacancies. For example, the 2005-07 SEIU Master Contract, Article 45, Section 2(h) states: “The employer may use noncompetitive selection and appointment for unskilled or semi-skilled positions, or where job-related ranking measures are not practical or appropriate, or if there is no appropriate list available and establishing a list could cause an undue delay in filling the position, or affirmative action appointments.” (The 2007-09 SEIU Master Contract contains the same provision.)

AUDIT SCOPE

This audit reviewed direct appointments. We identified all direct appointments made by Executive Branch agencies during the 2007 calendar year. We reviewed each direct appointment to see if agencies made the appointment for reasons allowed by administrative rule, HRSD Statewide Policy 40.055.01, or the CBA that covered the position, if represented. We also verified that the agency had the documents to support the direct appointment.

We also identified all the corrective actions or recommendations in our 2007 Direct Appointment Audit final findings to agencies. We reviewed the information agencies provided to see if they made the needed corrections and implemented the recommendations.

There were a total of 46 agencies included in the 2008 and 2007 Follow Up audits. Forty agencies were included only in the 2008 audit; eight were included in both the 2008 and 2007 Follow Up audits; and, six agencies were included only in the 2007 Follow Up audit.

AUDIT METHODOLOGY

We used data from the Position and Personnel Database (PPDB) in this audit. The data identified all direct appointments made by Executive Branch agencies for the period of January 1, 2007 through December 31, 2007. We also used the final findings sent to agencies following the 2007 Direct Appointment audit. We then used the following criteria:

1. We identified the direct appointments made by each agency.
2. We sent letters to 46 agencies asking for documentation of their direct appointments in 2007. As applicable, we also asked about their follow up to the corrective actions or recommendations included in the 2007 Direct Appointment audit.
3. We reviewed the documents and information provided for each 2007 direct appointment to see if it met the criteria in the rule, policy, or CBA. We also confirmed the agency documented the appointment as required by the rule, policy, or CBA.
4. We reviewed the information the agencies provided to see if they completed the corrective actions and implemented the recommendations in our 2007 final findings.
5. After we completed our review, we sent our preliminary findings to each agency. These letters reported findings on the direct appointments and the agency's follow up actions. Agencies then gave us additional information and documents in response to the findings.
6. We reviewed the agency responses, then we sent final letters to each agency. These letters included details about the direct appointments and the agency's follow up actions. We

recommended actions each agency should take to correct any deficiencies in the direct appointments and their documentation. We also made final findings about the 2007 Direct Appointment Audit Follow Up.

SUMMARY OF FINDINGS

- Agencies provided the requested documents for 178 (95.7 percent) of the 186 direct appointments in the 2008 review.
- All 15 agencies included in the 2007 Audit follow up provided the requested information.
- 132 of the 186 direct appointments (71 percent) met the applicable rule, policy, or CBA criteria for making a direct appointment.
- 130 of the 186 direct appointments (70 percent) had the documents to meet the applicable rule, policy, or CBA.
- 20 of the 186 appointments in the 2008 review (10.8 percent) were not direct appointments and were miscoded.
- All 15 agencies in the 2007 Audit follow up completed the corrective actions or implemented the recommendations listed in their final findings.

CONCLUSIONS AND RECOMMENDATIONS

1. Conclusion: Most of the direct appointments agencies made in 2007 contained the criteria required by rule, HRSD policy, or CBA.

Recommendation: Agencies should continue to make direct appointments that meet the criteria in rule, HRSD policy, or CBA.

2. Conclusion: Most of the agencies have complete documentation for direct appointments made in 2007 that is required by rule, HRSD policy, or CBA.

Recommendation: Agencies should continue to keep documents for direct appointments in a file separate from the appointee's personnel file.

3. Conclusion: Most direct appointments in 2007 are correctly coded in PPDB. Agencies have consistently lowered the coding error rate, from 45 percent in 2006, to 20 percent in 2007, and to 10.8 percent in this audit.

Recommendation: Agencies should continue to train staff to enter the correct appointment method code for direct appointments.

This audit was conducted by staff of the HR Audits Unit of the Human Resource Services Division (HRSD) in the Department of Administrative Services (DAS) in accordance with the requirements of ORS 240.311 (1) and HRSD Statewide Policy 10.025.01.