December 23, 2010

Members of the Legislative Audit Committee:

A total of 307 (98 percent) of the 312 employee positions reviewed at the Department of Licensing and Regulation (Department) were appropriately classified within the State’s Position Classification Plan. The Department has taken appropriate actions to address the five employee positions that were misclassified and reported that it will spend approximately $3,877 annually to properly classify these positions.

The Department took actions to appropriately classify positions identified as misclassified.

The 312 employee positions reviewed covered 12 occupational categories and 28 job classification series. To address the five employee positions that were misclassified, the Department chose to:

- Reclassify two employee positions into a different job classification series with a higher salary group (see Table 2 in the attachment to this letter for additional details).
- Reclassify three employee positions within the same job classification series but at a higher salary group (see Table 3 in the attachment to this letter for additional details).

The Department will spend approximately $3,877 annually to properly classify positions.

The Department reported that, as a result of reclassifications, three positions will be receiving salary increases ranging from $517 to $2,424 annually.

Appropriate job classifications are important in determining salary rates that are competitive for the nature of the work performed. Misclassified positions may result in an agency underpaying or overpaying employees for the nature of work being performed.
We appreciate the Department’s cooperation during this review. If you have any questions, please contact Nicole Guerrero, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

Attachment

cc: Members of the Department of Licensing and Regulation Commission
    Mr. Frank Denton, Chair
    Mr. Mike Arismendez, Vice Chair
    Mr. Lewis Benavides
    Ms. LuAnn Roberts Morgan
    Mr. Fred Moses
    Ms. Lilian Norman-Keeney
    Ms. Deborah Yurco
    Mr. William Kuntz, Jr., Executive Director
Table 1 presents the occupational categories and job classification series reviewed at the Department of Licensing and Regulation (Department), as well as the number of positions that were misclassified.

**Table 1**

<table>
<thead>
<tr>
<th>Occupational Category/Job Classification Series</th>
<th>Number of Employee Positions Reviewed</th>
<th>Number of Employee Positions Misclassified</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounting, Auditing, and Finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountant</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Accounting, Auditing, and Finance</strong></td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td><strong>Administrative Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>35</td>
<td>2</td>
</tr>
<tr>
<td>Customer Service Representative</td>
<td>36</td>
<td>0</td>
</tr>
<tr>
<td>Executive Assistant</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>License and Permit Specialist</td>
<td>37</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Administrative Support</strong></td>
<td>111</td>
<td>2</td>
</tr>
<tr>
<td><strong>Engineering and Design</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering Specialist</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Engineering and Design</strong></td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources Assistant/Specialist</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Human Resources</strong></td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Specialist</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Systems Support Specialist</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Information Technology</strong></td>
<td>16</td>
<td>0</td>
</tr>
</tbody>
</table>
## Summary of Employee Positions Reviewed

<table>
<thead>
<tr>
<th>Occupational Category/Job Classification Series</th>
<th>Number of Employee Positions Reviewed</th>
<th>Number of Employee Positions Misclassified</th>
</tr>
</thead>
</table>

### Inspectors and Investigators
- Boiler Inspector: 16, 0
- Inspector: 29, 0
- Investigator: 33, 0
  - Total Inspectors and Investigators: 78, 0

### Legal
- Attorney: 13, 0
- General Counsel: 6, 0
- Legal Assistant: 37, 0
  - Total Legal: 56, 0

### Natural Resources
- Natural Resources Specialist: 1, 0
  - Total Natural Resources: 1, 0

### Procedures and Information
- Government Relations Specialist: 1, 0
- Information Specialist: 2, 1
- Management Analyst: 1, 0
  - Total Procedures and Information: 4, 1

### Program Management
- Director: 10, 0
- Manager: 10, 0
- Program Supervisor: 1, 0
- Project Manager: 1, 0
  - Total Program Management: 22, 0

### Property Management and Purchasing
- Purchaser: 4, 1
  - Total Property Management and Purchasing: 4, 1

### Social Services
- Interpreter: 2, 1
  - Total Social Services: 2, 1

### Totals for All Positions Reviewed
- 312, 5
Part 2

Analysis of Misclassified Positions

Tables 2 and 3 identify the employee positions that were misclassified and how the Department addressed the misclassifications. To protect the confidentiality of the employees whose positions were misclassified, each employee was assigned a position number.

Table 2 lists the two employee positions that the Department reclassified into a different job classification series with a higher salary group.

Table 2

<table>
<thead>
<tr>
<th>Position Number</th>
<th>Current Job Classification Title</th>
<th>Job Classification Title After Reclassification</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Interpreter I</td>
<td>Investigator IV</td>
</tr>
<tr>
<td>127</td>
<td>Information Specialist IV</td>
<td>Web Administrator IV</td>
</tr>
</tbody>
</table>

Table 3 lists the three employee positions that the Department reclassified within the same job classification series but at a higher salary group.

Table 3

<table>
<thead>
<tr>
<th>Position Number</th>
<th>Current Job Classification Title</th>
<th>Job Classification Title After Reclassification</th>
</tr>
</thead>
<tbody>
<tr>
<td>108</td>
<td>Purchaser III</td>
<td>Purchaser IV</td>
</tr>
<tr>
<td>310</td>
<td>Administrative Assistant III</td>
<td>Administrative Assistant IV</td>
</tr>
<tr>
<td>355</td>
<td>Administrative Assistant III</td>
<td>Administrative Assistant IV</td>
</tr>
</tbody>
</table>
Appendix

Objective, Scope, and Methodology

Objective

The objective of this classification compliance review was to determine whether the Department of Licensing and Regulation (Department) conforms to the State’s Position Classification Plan in ensuring proper classification of positions.

Scope

The scope of this review included all classified employees employed by the Department, excluding employees who were included within the scope of a previous statewide compliance review report on Program Specialist positions (see A Classification Compliance Review Report on the State’s Program Specialist Positions, State Auditor’s Office Report No. 09-706, July 2009).

Methodology

In determining whether positions were appropriately classified, the following were reviewed:

- State job descriptions.
- Surveys completed by employees and verified by their supervisors.
- Internal reporting relationships.

The State Auditor’s Office’s State Classification Team (Classification Team) evaluates jobs on a “whole job” basis to determine proper job classifications. These determinations are primarily based on the comparison of duties and responsibilities of the majority of work being performed against the state job description.

When determining proper classification, the Classification Team does not focus on specific differences between one level and the next level in a job classification series (for example, Systems Analyst I versus Systems Analyst II). Instead, the Classification Team considers whether an employee is appropriately classified within broad responsibility levels, such as Staff Systems Analyst versus Senior Systems Analyst.

The Classification Team has an automated job evaluation process. The Classification Team populated a database with information regarding the employees whose positions were reviewed. Staff in the Department’s human
resources department verified the information to ensure that all positions were included. Employees were then asked to complete online surveys describing the work they perform and the percentage of time they spend performing their duties. Supervisors were asked to review and verify employees’ survey responses.

Completed survey results were entered into the automated job evaluation system, which made an initial determination of whether the positions were appropriately classified. The Classification Team then reviewed all surveys, made follow-up calls, and sent clarification e-mails to gather additional information in order to make the final determination on what positions may be misclassified. The Department then had the opportunity to review and address potential misclassifications.

The Classification Team then sent additional clarification e-mails to determine and validate proper classification of positions and to gather additional information.

This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit.

**Project Information**

This review was conducted under the requirements of Texas Government Code, Section 654.036 (3).

The following employees of the State Auditor’s Office prepared this report:

- Sharon Schneider, PHR (Project Manager)
- Stacey Robbins McClure, MBA, CCP, PHR
- Christine Bailey, CCP, GRP
- Juliette Torres, CCP, PHR
- Leslie Ashton, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP, CICA (Audit Manager)