



A Classification Compliance Audit Report on

Information Technology Positions at Business and Economic Development Agencies

January 2020
Report No. 20-701



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Overall Conclusion

A total of 306 (52.0 percent) of the 589 employees tested were correctly classified¹ in accordance with the State's Position Classification Plan. Employees tested included those performing information technology work at the following five business and economic development agencies (Article VII of the General Appropriations Act, 86th Legislature):

- **Department of Housing and Community Affairs (Department).** The Department correctly classified all but 5 of the 18 employees classified in the Information Technology occupational category.
- **Texas Lottery Commission (Commission).** The Commission correctly classified all but 2 of the 39 employees classified in the Information Technology occupational category.
- **Department of Motor Vehicles (Department).** The Department did not correctly classify 43 of the 70 employees classified in the Information Technology occupational category.
- **Department of Transportation (Department).** The Department did not correctly classify 148 of the 208 employees classified in the Information Technology occupational category.
- **Texas Workforce Commission (Commission).** The Commission correctly classified 169 of the 254 employees classified in the Information Technology occupational category.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

The agencies have taken or asserted they will take action to address the 283 total misclassifications by:

¹ This included employees who had job classification titles located in the Information Technology occupational category within the State's Position Classification Plan. Also included in this audit were employees identified as performing work related to information technology but had job classification titles located in another occupational category.

- Reclassifying 234 employees² (82.7 percent) into a different job classification series. For example, to correct one misclassification, an agency reclassified a Systems Analyst to a Data Analyst.
- Reclassifying 47 employees (16.6 percent) within the same job classification series but at a higher salary group.
- Reclassifying 2 employees (0.7 percent) within the same job classification series but at a lower salary group.

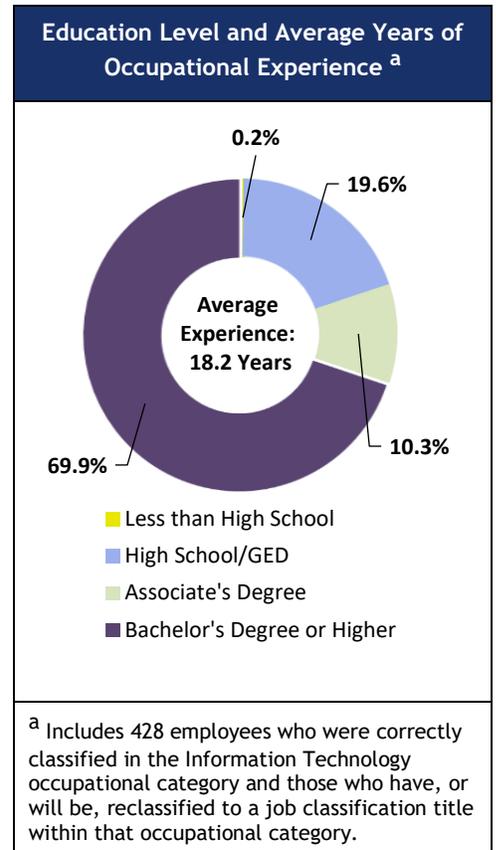
Collectively, the Department of Motor Vehicles, Department of Transportation, and the Texas Workforce Commission reported they will spend approximately \$71,785 annually to properly classify 20 of the 283 employees. There was no cost associated with addressing the remaining misclassified employees for all five state agencies. The agencies reported that no employee received a salary decrease as a result of this audit.

Overall, employees performing information technology work at those five agencies are an experienced group of professionals, with an average of approximately 18 years of occupational experience. The majority (69.9 percent) have a bachelor’s degree or higher. See Figure 1 for details.

Table 1 on the next page presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

The agencies self-reported the classification information on which this audit focused. However, auditors performed certain quality control procedures to help ensure the accuracy of the information used.

Figure 1



Source: Classification Compliance Audit System, State Auditor’s Office.

² Included in the 234 employees who were not classified in the correct job classification series were 3 employees at the Department of Transportation who will be reclassified into a different job classification series outside of the Information Technology occupational category. Based on the duties as described by those employees, and additional information provided by the Department, the 3 employees will remain misclassified in their new job classification series.

Table 1

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating ^a
1	Information Technology Positions at State Agencies	Not Rated
2-A	Analysis of Misclassified Employees at the Department of Housing and Community Affairs	Low
2-B	Analysis of Misclassified Employees at the Texas Lottery Commission	Low
2-C	Analysis of Misclassified Employees at the Department of Motor Vehicles	High
2-D	Analysis of Misclassified Employees at the Department of Transportation	High
2-E	Analysis of Misclassified Employees at the Texas Workforce Commission	Medium

^a A chapter/subchapter is rated **Priority** if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated **High** if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated **Medium** if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

A chapter/subchapter is rated **Low** if the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Summary of Management's Response

At the end of subchapters 2-C, 2-D, and 2-E, the State Auditor's Office made recommendations to address the misclassifications identified during this audit. The Department of Motor Vehicles, the Department of Transportation, and the Texas Workforce Commission agreed with the recommendations.

Audit Objective and Scope

The objective of this classification compliance audit was to determine whether state agencies are properly classifying employees in conformance with the State's Position Classification Plan. In determining whether an employee position is properly classified, the State Classification Team reviews the position as a whole, including the duties and responsibilities and the percentage of time duties are performed. Classification determinations are made based on the most appropriate classification within the State's Position Classification Plan that best describes the majority of duties being performed.

The scope³ of this audit included 589 employees within the Information Technology occupational category or performing information technology-related work at the

³ The scope may exclude employees who were on extended leave, were promoted, or who left the agency during audit fieldwork.

five business and economic development agencies (Article VII of the General Appropriations Act, 86th Legislature) as of June 1, 2019. The state agencies audited were the Department of Housing and Community Affairs, Texas Lottery Commission, Department of Motor Vehicles, Department of Transportation, and Texas Workforce Commission.

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Detailed Results

Chapter 1

Information Technology Positions at State Agencies

Job Outlook

According to the United States Bureau of Labor Statistics (BLS), employment of information technology occupations is projected to grow 12 percent from 2018 to 2028, faster than the average for all occupations. This is attributed, in part, to a greater emphasis on cloud computing, the collection and storage of big data, and information security, causing jobs such as information security analyst to grow by a projected 32 percent during that same time period.

Source:
<https://www.bls.gov/ooh/computer-and-information-technology/home.htm>.

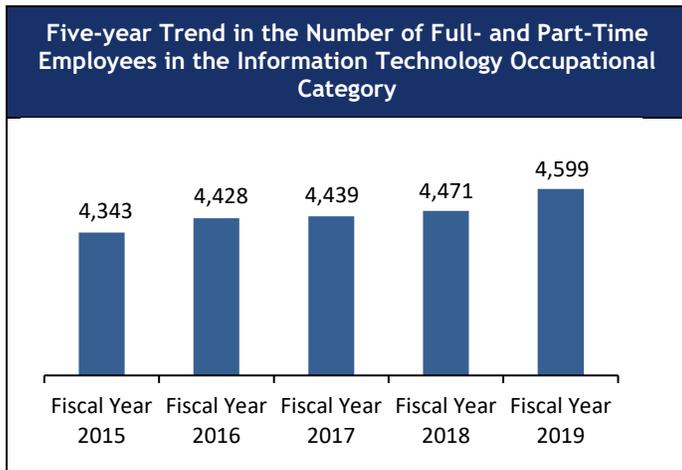
Information technology careers at state agencies cover a broad range of jobs. Employees who work in the information technology field perform duties such as computer programming, database administration, software development, preventing and detecting cybersecurity threats, analyzing and maintaining computer systems, and designing and maintaining Web sites. Employees performing this type of work may be classified in the programmer, data base administrator, information technology security analyst, and Web administrator job classification series. Those types of jobs and others in the information technology field may grow faster than other jobs at state agencies (see text box).

Increase in Information Technology Employees at State Agencies. In fiscal year 2019, the State employed 4,599 full-time and part-time classified employees in a job classification series within the Information Technology occupational category. The number of employees in this occupational category increased by 5.9 percent since fiscal year 2015. In fiscal year 2019, of the 4,599 full-time and part-time classified employees

included in this occupational category, 13.8 percent⁴ were employed at the business and economic development agencies (Article VII of the General Appropriations Act, 86th Legislature). Figure 2 shows the five-year trend of employees classified in the Information Technology occupational category.

In fiscal year 2019, the two job classification series with the greatest number of employees in the Information Technology occupational category were Systems Analyst and Programmer. Those two job classification series comprised 53.8 percent (2,476) of the total number of full-time and part-time classified employees in information technology positions at state agencies.

Figure 2



Sources: Uniform Statewide Payroll/Personnel System, Human Resource Information System, and Standardized Payroll/Personnel Reporting System.

⁴ The percentage is based on the number of employees in fiscal year 2019, which is not the same as the number of employees within the audit scope. The difference is attributed to various factors such as employee turnover and employees on extended leave.

Analysis of Employees Classified in the Information Technology Occupational Category at Business and Economic Development Agencies

A total of 306 (52.0 percent) of the 589 employees tested at the 5 business and economic development agencies (Article VII of the General Appropriations Act, 86th Legislature) were correctly classified in accordance with the State’s Position Classification Plan. The agencies reported that of those 589 employees tested:

- 582 were in a job classification series that fell within the Information Technology occupational category.
- 7 were performing information technology-related work but were in a job classification series located within another occupational category.

Table 2 summarizes by agency the number of misclassifications identified during this audit.

Importance of Appropriate Job Classification

Appropriate job classification is important in determining salary rates that are competitive for the work performed. If employees are classified in positions at too high of a level for the work they perform, state agencies may be paying the employees more than their job duties and responsibilities warrant. This can also create internal pay inequities within the agency. If employees are classified in positions at too low of a level for the work they perform, employees could be underpaid. This could result in higher turnover, which could be costly for the agencies in terms of hiring and training new staff or through lost productivity.

How employees are classified impacts the data in the Electronic Classification Analysis System (E-Class), which is a Web-based application that is used to analyze statewide human resources data. For example, the information in E-Class is used in reports provided to the Legislature.

Table 2

Summary of Employees Tested by Agency			
Agency Name	Number of Employees Tested	Number of Misclassified Employees	Percent of Misclassified Employees ^a
Department of Housing and Community Affairs	18	5	27.8%
Texas Lottery Commission	39	2	5.1%
Department of Motor Vehicles	70	43	61.4%
Department of Transportation	208	148	71.2%
Texas Workforce Commission	254	85	33.5%
Totals	589	283	48.0%
^a The percent of misclassified employees may appear skewed for agencies that have fewer than 50 employees within the audit scope.			

Agencies have taken or asserted they will take action to address misclassifications.

To address the misclassifications of the 283 employees, the agencies chose to:

- Reclassify 234 employees (82.7 percent) into a different job classification series. For example, to correct one misclassification, an agency reclassified a Systems Analyst to a Data Analyst. Included in the 234 employees were 3 employees at the Department of Transportation who will be reclassified into a different job classification series outside of the Information Technology occupational category. However, based on the duties performed as described by those employees and additional information provided by the Department, those 3 employees will remain misclassified in their new job classification series.
- Reclassify 47 employees (16.6 percent) within the same job classification series but at a higher salary group.
- Reclassify 2 employees (0.7 percent) within the same job classification series but at a lower salary group.⁵

Table 3 lists the job classification series included in this audit. The table also summarizes the number of misclassified employees in each job classification series within the Information Technology occupational category.

Table 3

Job Classification Series Tested		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	74	58
Business Continuity Coordinator	2	0
Computer Operations Specialist	6	0
Data Base Administrator	17	7
Data Entry Operator ^a	7	1
Geographic Information Specialist	41	11
Information Security Officer	1	0
Information Technology Auditor	2	0
Information Technology Security Analyst	14	6
Network Specialist	17	8
Programmer	92	14
Systems Administrator	3	1
Systems Analyst	204	110

⁵ The agency reported that those employees did not receive a salary decrease as a result of this audit.

Job Classification Series Tested		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Systems Support Specialist	84	64
Telecommunications Specialist	4	0
Web Administrator	14	1
Other ^b	7	2
Totals	589	283
<p>^a As of September 1, 2019, the Data Entry Operator job classification series was removed from the State's Position Classification Plan. Employees in this job classification series were reclassified into different job classification series.</p> <p>^b Includes Manager and Program Specialist job classification series, which are in occupational categories other than Information Technology.</p>		

Salaries will increase for 20 employees. Three agencies reported they will spend a total of \$71,785 annually to properly classify 20 of the 283 misclassified employees. Salary increases range from \$201 to \$10,952 annually. However, in most cases, the agencies were able to properly classify employees through reclassification without changing their salaries.

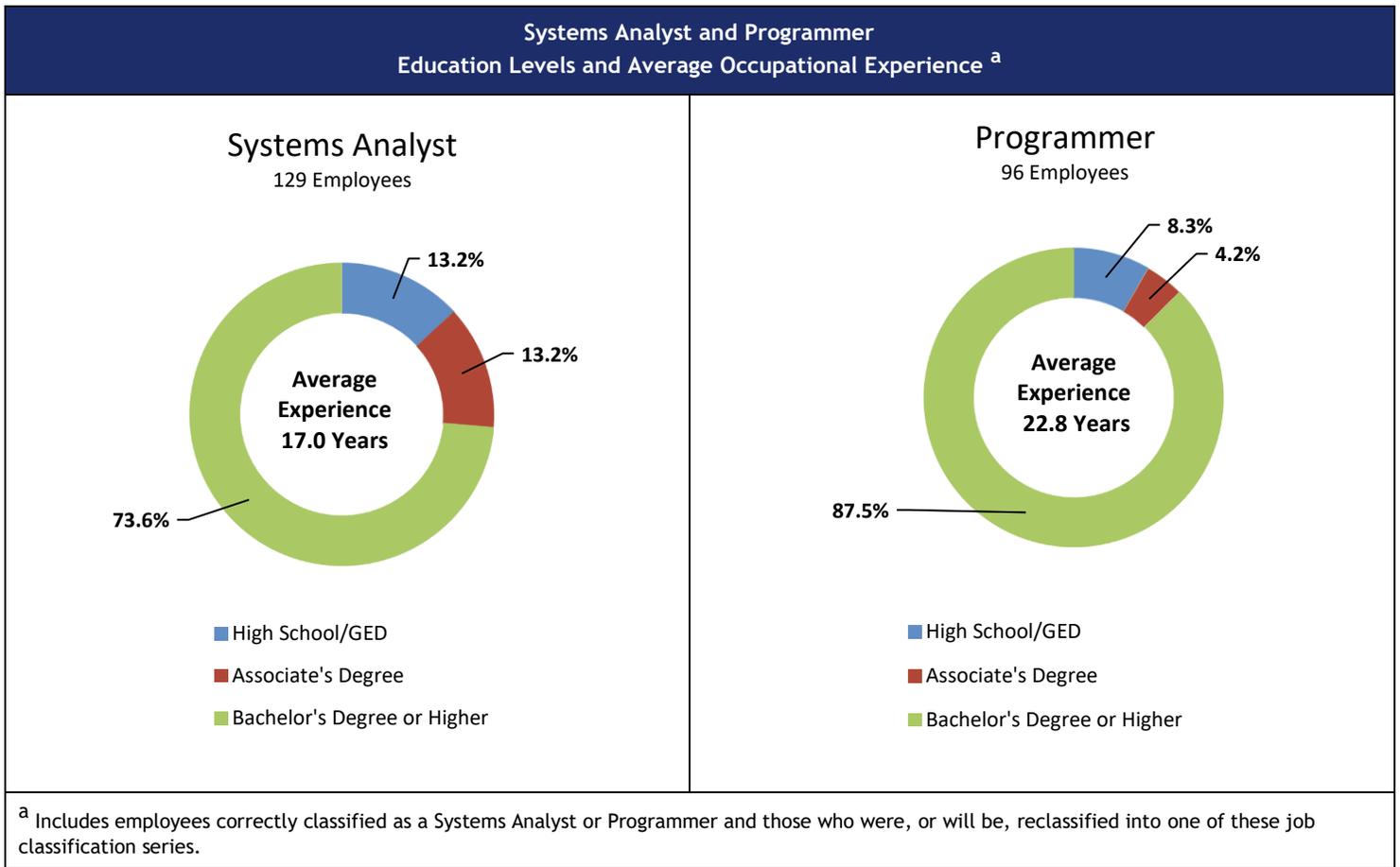
Information Technology experience and education levels vary. Experience and education levels vary across agencies for the employees⁶ within the scope of this audit who were performing information technology work and were or will be classified in a job classification series located in the Information Technology occupational category. Specifically:

- Employees had an average of 18.2 years of occupational experience.
- The majority (69.9 percent) had a bachelor's degree or higher level degree.

The two job classification series with the most employees were the Programmer and Systems Analyst job classification series. On average, employees in those two job classification series had more than 18 years of occupational experience and most had a bachelor's degree or higher. Figure 3 on the next page provides additional information on the average years of experience and education levels as reported by employees.

⁶ Education and experience information is based on 428 employees that were, or will be, correctly classified in an information technology job classification title after reclassifications are complete and excludes 161 employees who were or will be classified into a job classification series that is not within the Information Technology occupational category.

Figure 3



Source: Classification Compliance Audit System, State Auditor's Office.

Analysis of Misclassified Employees at the Department of Housing and Community Affairs

Chapter 2-A
Rating:
Low ⁷

The Department of Housing and Community Affairs (Department) identified 18 employees who were classified in the Information Technology occupational category; all but 5 employees were correctly classified in accordance with the State's Position Classification Plan. The five misclassified employees were performing duties that did not align with their current job classification series. For example, an employee classified as a Systems Analyst was performing the job duties consistent with that of a Systems Support Specialist.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 4 shows the number of those employees tested by job classification series, as well as the number of misclassified employees.

Table 4

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Data Base Administrator	3	1
Programmer	7	0
Systems Analyst	7	4
Web Administrator	1	0
Totals	18	5

The Department took appropriate action to reclassify the five employees into different job classification series that are consistent with their actual job duties. There was no cost associated with reclassifying the employees.

⁷ The risk related to the issues discussed in Chapter 2-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Analysis of Misclassified Employees at the Texas Lottery Commission

Chapter 2-B
Rating:
Low ⁸

The Texas Lottery Commission (Commission) identified 39 employees who were classified in the Information Technology occupational category or performing information technology-related work;⁹ all but 2 of those employees were correctly classified in accordance with the State's Position Classification Plan. The two misclassified employees were performing duties that did not align with their current job classification series. For example, an employee classified as a Program Specialist was performing job duties consistent with that of a Business Analyst.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 5 shows the number of those employees tested by job classification series, as well as the number of misclassified employees.

Table 5

Summary of Employees Tested by Job Classification Series at the Commission		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Continuity Coordinator	1	0
Computer Operations Specialist	6	0
Data Base Administrator	2	0
Information Technology Security Analyst	1	0
Network Specialist	2	1
Programmer	13	0
Program Specialist ^a	1	1
Systems Administrator	2	0
Systems Analyst	7	0

⁸ The risk related to the issues discussed in Chapter 2-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

⁹ During the course of this audit, the Commission identified an employee performing information technology-related work but who was in a job classification series located in the Program Management occupational category. For the purposes of this audit, that employee was included in testing.

Summary of Employees Tested by Job Classification Series at the Commission		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Systems Support Specialist	2	0
Web Administrator	2	0
Totals	39	2
^a This job classification series is located in the Program Management occupational category.		

The Commission took appropriate action to reclassify both employees into different job classification series that are consistent with their actual job duties. There was no cost associated with reclassifying the employees.

Analysis of Misclassified Employees at the Department of Motor Vehicles

Chapter 2-C
Rating:
High ¹⁰

The Department of Motor Vehicles (Department) identified 70 employees who were classified in the Information Technology occupational category or performing information technology-related work.¹¹ Of those 70 employees, 43 (61.4 percent) were not correctly classified in accordance with the State's Position Classification Plan. The majority (74.4 percent) of the 43 misclassified employees were in an incorrect job classification series, including 12 employees who were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to a Data Analyst to better align with the employee's duties. The Data Analyst job classification series is in the Planning, Research, and Statistics occupational category and not in the Information Technology occupational category.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

The Department asserted that it will take appropriate action to address the 43 misclassified employees. Specifically, the Department will:

- Reclassify 32 employees into a different job classification series.
- Reclassify 9 employees within the same job classification series but at a higher salary group.
- Reclassify 2 employees within the same job classification series but at a lower salary group; however, the employees did not receive a reduction in salary.

As a result of the reclassifications, the Department asserted that 5 employees will receive an annual salary increase ranging from \$1,915 to \$9,667 for a total annual cost of \$23,710.

¹⁰ The risk related to the issues discussed in Chapter 2-C is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

¹¹ During the course of this audit, the Department identified employees performing information technology-related work but who were in a job classification series located in the Program Management occupational category. For the purposes of this audit, those employees were included in testing.

Table 6 shows the number of those employees tested by job classification series, as well as the number of misclassified employees.

Table 6

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Continuity Coordinator	1	0
Data Base Administrator	1	0
Geographic Information Specialist	4	4
Information Technology Security Analyst	1	1
Manager ^a	6	1
Network Specialist	8	6
Programmer	9	5
Systems Administrator	1	1
Systems Analyst	30	22
Systems Support Specialist	7	3
Web Administrator	2	0
Totals	70	43
^a This job classification series is located in the Program Management occupational category.		

Recommendation

To comply with the State’s Position Classification Plan, the Department should complete all reclassifications and salary adjustments for the misclassified employees.

Management’s Response

The Department agrees with the recommendation and appreciates the information provided. Many of the positions that were identified as misclassified have not been evaluated since before the agency was created. As a result of this SAO classification analysis, the Department is now more fully using the range of IT titles in the State Classification Plan.

For the position identified as misclassified, the Department has taken action on all positions that are currently staffed including the following:

- *Reclassifying 25 employees into a different job classification series at the same or higher salary group.*

- *Reclassifying 8 employees within the same job classification series but at a higher salary group.*
- *Reclassifying 2 employees within the same job classification series but at a lower salary group and reclassifying 3 employees into a different job classification series at a lower salary group; however, the employees did not receive a reduction in salary.*
- *5 employees left their current position and therefore were not reclassified; however, those positions were posted under the appropriate job classification series.*

The audit occurred after a significant re-organization of the Information Technology Service Division. The Department was in the process of ensuring employees were properly classified as the Department had already identified some issues in its classifications. In addition, the Department had put together a plan, prior to the audit, to review employee classifications and ensure appropriate classification.

In closing, the Department appreciates the work done by the State Auditor's Office and the professionalism exhibited by the team during its review.

Analysis of Misclassified Employees at the Department of Transportation

Chapter 2-D
Rating:
High ¹²

The Department of Transportation (Department) identified 208 employees who were classified within the Information Technology occupational category; of the 208 employees, 148 (71.2 percent) were not correctly classified in accordance with the State's Position Classification Plan. Of the 148 misclassified employees, auditors noted the following:

The majority (93.2 percent) of misclassified employees were in an incorrect job classification series, including 121 employees who were also in an incorrect occupational category.

For example, one misclassified employee will be reclassified from a Systems Analyst to an Engineering Specialist to better align with the employee's duties. The Engineering Specialist job classification series is in the Engineering and Design occupational category and not the Information Technology occupational category. Included in the 121 employees who were not classified in the correct occupational category were 3 employees who will be reclassified into a different job classification series outside of the Information Technology occupational category. However, based on the employees' job duties, and additional information provided by the Department, the 3 employees will remain misclassified in their new job classification series.

The Department's internal classification plan did not fully align with the State's Position Classification Plan.

While agencies can have their own internal job classification titles and job descriptions related to their unique work, these job classification titles and descriptions should be aligned with the State Position's Classification Plan. Auditors identified that in some cases the Department's internal job classification titles did not match to appropriate state job classification series within the State's Position Classification Plan. For example, the Department equated its Business Report Writer title with the Systems Analyst state job classification series. The Systems Analyst job classification series is in the

Position Classification Plan Definitions

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Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

¹² The risk related to the issues discussed in Chapter 2-D is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

Information Technology occupational category. However, based on work described in the employee surveys and additional information provided by the Department, a more appropriate job classification series for the Business Report Writer title would be the Data Analyst job classification series, which is in the Planning, Research, and Statistics occupational category. (For more information on the importance of appropriate job classification, see text box in Chapter 2.)

Table 7 shows the number of the employees tested by job classification series, as well as the number of misclassified employees.

Table 7

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	73	57
Geographic Information Specialist	37	7
Information Technology Auditor	1	0
Information Technology Security Analyst	4	0
Systems Analyst	37	30
Systems Support Specialist	53	53
Web Administrator	3	1
Totals	208	148

The Department asserted that it will take action to address the 148 misclassified employees. Specifically, the Department will:

- Reclassify 138 employees into a different job classification series. However, based on the duties as described by the employees, and additional information provided by the Department, 3 of those employees will remain misclassified in their new job classification series.
- Reclassify 10 employees within the same job classification series but at a higher salary group.

As a result of the reclassifications, the Department asserted that 5 employees will receive an annual salary increase ranging from \$1,127 to \$6,868 for a total annual cost of \$13,855.

Recommendations

To comply with the State's Position Classification Plan, the Department should:

- Complete all reclassifications and salary adjustments for the misclassified employees.
- Review and revise its Business Title Classification System to ensure that it fully aligns with the State's Position Classification Plan.

Management's Response

The Texas Department of Transportation reclassified employees identified as misclassified during this classification compliance audit; and when necessary, made salary adjustments. The Human Resources Division notified the appropriate district engineer or division director of the SAO's findings to ensure that the affected employees were informed of the future reclassification actions.

Person Responsible: HR Statewide Compensation Manager

Implementation Date: December 1, 2019

Effective December 2019, the Texas Department of Transportation began reviewing its Business Title Classification System to ensure that it fully aligns with the State's Position Classification Plan (Plan). The department currently has approximately 1,200 business job titles to review and is actively implementing changes. The department will also take this opportunity to identify and request Plan changes to ensure that the functions performed by department employees are adequately represented in the Plan.

Person Responsible: HR Statewide Compensation Manager

Implementation Date: December 1, 2020

Analysis of Misclassified Employees at the Texas Workforce Commission

Chapter 2-E
Rating:
Medium ¹³

The Texas Workforce Commission (Commission) identified 254 employees who were classified in the Information Technology occupational category; of those 254 employees, 169 (66.5 percent) were correctly classified in accordance with the State's Position Classification Plan. The remaining 85 employees were performing job duties that did not align with their current job classification series.

Specifically, the majority (67.1 percent) of those 85 misclassified employees were in an incorrect job classification series, including 15 employees who were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to an Accountant to better align with the employee's duties. The Accountant job classification series is in the Accounting, Auditing, and Finance occupational category and not the Information Technology occupational category.

Table 8 shows the number of the employees tested by job classification series, as well as the number of misclassified employees.

Table 8

Summary of Employees Tested by Job Classification Series at the Commission		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	1	1
Data Base Administrator	11	6
Data Entry Operator ^a	7	1
Information Security Officer	1	0
Information Technology Auditor	1	0
Information Technology Security Analyst	8	5
Network Specialist	7	1
Programmer	63	9

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

¹³ The risk related to the issues discussed in Chapter 2-E is rated as Medium because the issues identified present risks or effects that if not addressed could more moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

Summary of Employees Tested by Job Classification Series at the Commission		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Systems Analyst	123	54
Systems Support Specialist	22	8
Telecommunications Specialist	4	0
Web Administrator	6	0
Totals	254	85
^a As of September 1, 2019, the Data Entry Operator job classification series was removed from the State's Position Classification Plan. Employees in this job classification series were reclassified into different job classification series.		

The Commission asserted that it would take appropriate action to address the 85 misclassified employees. Specifically, the Commission will:

- Reclassify 57 employees into a different job classification series.
- Reclassify 28 employees within the same job classification series but at a higher salary group.

As a result of the reclassifications, the Commission asserted that 10 employees will receive an annual salary increase ranging from \$201 to \$10,952 for a total annual cost of \$34,220.

Recommendation

To comply with the State's Position Classification Plan, the Commission should complete all reclassifications and salary adjustments for the misclassified employees.

Management's Response

TWC management agrees with the accuracy of the data cited in the audit. The audit recommendation was that TWC complete all reclassifications and salary adjustments for the misclassified employees. TWC management agrees with the recommendation.

The agency has substantially implemented the recommendation. Of the 85 recommended changes, 84 have been completed. The last one will be evaluated for implementation pending resolution of an unrelated personnel issue.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this classification compliance audit was to determine whether state agencies are properly classifying employees in conformance with the State’s Position Classification Plan. In determining whether an employee position is properly classified, the State Classification Team reviews the position as a whole, including the duties and responsibilities and the percentage of time duties are performed. Classification determinations are made based on the most appropriate classification within the State’s Position Classification Plan that best describes the majority of duties being performed.

Scope

The scope¹⁴ of this audit included 589 employees within the Information Technology occupational category or performing information technology-related work at the five business and economic development agencies (Article VII of the General Appropriations Act, 86th Legislature) as of June 1, 2019. The state agencies audited were the Department of Housing and Community Affairs, Texas Lottery Commission, the Department of Motor Vehicles, the Department of Transportation, and Texas Workforce Commission.

Methodology

The audit methodology included collecting information and documentation, reviewing and analyzing surveys completed by employees at the five state agencies and verified by their supervisors, and conducting interviews with management at the five state agencies.

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

When determining proper classification, the State Classification Team does not focus on specific differences between one level and the next level in a

¹⁴ The scope may exclude employees who were on extended leave, were promoted, or who left the agency during audit fieldwork.

job classification series (for example, Systems Analyst I compared to Systems Analyst II). Instead, the State Classification Team considers whether an employee is appropriately classified within broad responsibility levels, such as Staff Systems Analyst (Systems Analyst I, Systems Analyst II, and Systems Analyst III positions) compared to Senior Systems Analyst (Systems Analyst IV, Systems Analyst V, Systems Analyst VI, and Systems Analyst VII positions).

The State Classification Team used an automated job evaluation process and populated a database with information regarding the employees whose positions were tested. Staff at the five agencies verified the information to ensure that all employees within the audit scope were included. Employees at those agencies 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 an automated job evaluation system, which made an initial determination of whether the employees were appropriately classified. The State Classification Team reviewed all surveys to determine and validate the proper classification of employees. The State Classification Team made follow-up calls or sent clarification emails to gather additional information to determine the proper classification of employees. Each agency then had the opportunity to review and address potential misclassifications.

Data Reliability and Completeness

Auditors determined that the data in the Classification Compliance Audit System was reliable for the purposes of this audit.

Information collected and reviewed included the following:

- Surveys completed by employees and verified by their supervisors.
- Correspondence from the human resources offices and supervisors at the five business and economic development agencies audited.

Procedures and tests conducted included the following:

- Performed follow-up calls and sent emails to the five agencies to validate proper classification of employees and to gather additional information to resolve discrepancies.

Criteria used included the following:

- Texas Government Code, Chapter 654.

- State job descriptions.

Project Information

Audit fieldwork was conducted from May 2019 through December 2019. We conducted this performance audit in accordance with generally accepted government auditing standards.¹⁵ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Kathy-Ann Moe, MBA (Project Manager)
- Taylor Sams, CGAP, MBA
- Sharon Schneider, CCP, PHR, SHRM-CP
- Mary Ann Wise, CPA, CFE (Quality Control Reviewer)
- Courtney Ambres-Wade, CFE, CGAP (Audit Manager)

¹⁵ United States Government Accountability Office's *Government Auditing Standards*, 2011 Revision.

Issue Rating Classifications and Descriptions

Auditors used professional judgment and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 9 provides a description of the issue ratings presented in this report.

Table 9

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Related State Auditor's Office Work

Related State Auditor's Office Work		
Number	Product Name	Release Date
19-706	A Classification Compliance Audit Report on Information Technology Positions at Natural Resources Agencies	February 2019
18-701	A Classification Compliance Audit Report on Information Technology Positions at Selected Education Agencies	October 2017

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