A Classification Compliance Audit Report on

Information Technology Positions at Business and Economic Development Agencies

January 2020
Report No. 20-701
A Classification Compliance Audit Report on
Information Technology Positions at
Business and Economic Development Agencies

SAO Report No. 20-701
January 2020

Overall Conclusion

A total of 306 (52.0 percent) of the 589 employees tested were correctly classified\(^1\) 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.

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.

---

This audit was conducted in accordance with Texas Government Code, Sections 654.036 and 654.038.

For more information regarding this report, please contact Courtney Ambres-Wade, Audit Manager, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.
Reclassifying 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.

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.

---

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

<table>
<thead>
<tr>
<th>Chapter/Subchapter</th>
<th>Title</th>
<th>Issue Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information Technology Positions at State Agencies</td>
<td>Not Rated</td>
</tr>
<tr>
<td>2-A</td>
<td>Analysis of Misclassified Employees at the Department of Housing and Community Affairs</td>
<td>Low</td>
</tr>
<tr>
<td>2-B</td>
<td>Analysis of Misclassified Employees at the Texas Lottery Commission</td>
<td>Low</td>
</tr>
<tr>
<td>2-C</td>
<td>Analysis of Misclassified Employees at the Department of Motor Vehicles</td>
<td>High</td>
</tr>
<tr>
<td>2-D</td>
<td>Analysis of Misclassified Employees at the Department of Transportation</td>
<td>High</td>
</tr>
<tr>
<td>2-E</td>
<td>Analysis of Misclassified Employees at the Texas Workforce Commission</td>
<td>Medium</td>
</tr>
</tbody>
</table>

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 scope 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.
Contents

Detailed Results

Chapter 1
Information Technology Positions at State Agencies ............ 1

Chapter 2
Analysis of Employees Classified in the Information Technology Occupational Category at Business and Economic Development Agencies ........................................... 2

Appendices

Appendix 1
Objective, Scope, and Methodology ................................. 17

Appendix 2
Issue Rating Classifications and Descriptions..................... 20

Appendix 3
Related State Auditor’s Office Work ................................. 21
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 VI I 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.

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.
Chapter 2

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.

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
<th>Percent of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Housing and Community Affairs</td>
<td>18</td>
<td>5</td>
<td>27.8%</td>
</tr>
<tr>
<td>Texas Lottery Commission</td>
<td>39</td>
<td>2</td>
<td>5.1%</td>
</tr>
<tr>
<td>Department of Motor Vehicles</td>
<td>70</td>
<td>43</td>
<td>61.4%</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>208</td>
<td>148</td>
<td>71.2%</td>
</tr>
<tr>
<td>Texas Workforce Commission</td>
<td>254</td>
<td>85</td>
<td>33.5%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>589</strong></td>
<td><strong>283</strong></td>
<td><strong>48.0%</strong></td>
</tr>
</tbody>
</table>

*The percent of misclassified employees may appear skewed for agencies that have fewer than 50 employees within the audit scope.*

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.
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>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Analyst</td>
<td>74</td>
<td>58</td>
</tr>
<tr>
<td>Business Continuity Coordinator</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Computer Operations Specialist</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Data Base Administrator</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Data Entry Operator (^a)</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Geographic Information Specialist</td>
<td>41</td>
<td>11</td>
</tr>
<tr>
<td>Information Security Officer</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Information Technology Auditor</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Information Technology Security Analyst</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Network Specialist</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Programmer</td>
<td>92</td>
<td>14</td>
</tr>
<tr>
<td>Systems Administrator</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>204</td>
<td>110</td>
</tr>
</tbody>
</table>

\(^5\) The agency reported that those employees did not receive a salary decrease as a result of this audit.
A Classification Compliance Audit Report on Information Technology Positions at Business and Economic Development Agencies
SAO Report No. 20-701
January 2020
Page 4

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Support Specialist</td>
<td>84</td>
<td>64</td>
</tr>
<tr>
<td>Telecommunications Specialist</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>Other b</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>589</strong></td>
<td><strong>283</strong></td>
</tr>
</tbody>
</table>

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.

b Includes Manager and Program Specialist job classification series, which are in occupational categories other than Information Technology.

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 employees 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

<table>
<thead>
<tr>
<th>Systems Analyst</th>
<th>Programmer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>129 Employees</strong></td>
<td><strong>96 Employees</strong></td>
</tr>
<tr>
<td><strong>Average Experience</strong></td>
<td><strong>Average Experience</strong></td>
</tr>
<tr>
<td><strong>17.0 Years</strong></td>
<td><strong>22.8 Years</strong></td>
</tr>
</tbody>
</table>

- **Systems Analyst**
  - 73.6% High School/GED
  - 13.2% Associate’s Degree
  - 13.2% Bachelor’s Degree or Higher

- **Programmer**
  - 87.5% High School/GED
  - 8.3% Associate’s Degree
  - 4.2% Bachelor’s Degree or Higher

---

*Includes employees correctly classified as a Systems Analyst or Programmer and those who were, or will be, reclassified into one of these job classification series.*

Source: Classification Compliance Audit System, State Auditor’s Office.
Chapter 2-A
Analysis of Misclassified Employees at the Department of Housing and Community Affairs

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.

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

Table 4

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Base Administrator</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Programmer</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>18</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

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.
Chapter 2-B

Analysis of Misclassified Employees at the Texas Lottery Commission

The Texas Lottery Commission (Commission) identified 39 employees who were classified in the Information Technology occupational category or performing information technology-related work; 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.

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

Table 5

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Continuity Coordinator</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Computer Operations Specialist</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Data Base Administrator</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Information Technology Security Analyst</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Network Specialist</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Programmer</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Program Specialist 8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Systems Administrator</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Support Specialist</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>39</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

*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.
Chapter 2-C

Analysis of Misclassified Employees at the Department of Motor Vehicles

The Department of Motor Vehicles (Department) identified 70 employees who were classified in the Information Technology occupational category or performing information technology-related work. 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.

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

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Continuity Coordinator</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Data Base Administrator</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Geographic Information Specialist</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Information Technology Security Analyst</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Manager a</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Network Specialist</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Programmer</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Systems Administrator</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>30</td>
<td>22</td>
</tr>
<tr>
<td>Systems Support Specialist</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>70</strong></td>
<td><strong>43</strong></td>
</tr>
</tbody>
</table>

*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.
Chapter 2-D
Analysis of Misclassified Employees at the Department of Transportation

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

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.

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

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Analyst</td>
<td>73</td>
<td>57</td>
</tr>
<tr>
<td>Geographic Information Specialist</td>
<td>37</td>
<td>7</td>
</tr>
<tr>
<td>Information Technology Auditor</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Information Technology Security Analyst</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>37</td>
<td>30</td>
</tr>
<tr>
<td>Systems Support Specialist</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>208</strong></td>
<td><strong>148</strong></td>
</tr>
</tbody>
</table>

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
Chapter 2-E
Analysis of Misclassified Employees at the Texas Workforce Commission

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

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Analyst</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Data Base Administrator</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Data Entry Operator a</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Information Security Officer</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Information Technology Auditor</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Information Technology Security Analyst</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Network Specialist</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Programmer</td>
<td>63</td>
<td>9</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Job Classification Series</th>
<th>Number of Employees Tested</th>
<th>Number of Misclassified Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Analyst</td>
<td>123</td>
<td>54</td>
</tr>
<tr>
<td>Systems Support Specialist</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>Telecommunications Specialist</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Web Administrator</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>254</strong></td>
<td><strong>85</strong></td>
</tr>
</tbody>
</table>

\(^a\) 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 scope 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 V 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. 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)

---

Appendix 2  
**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

<table>
<thead>
<tr>
<th>Issue Rating</th>
<th>Description of Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>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.</td>
</tr>
<tr>
<td>Medium</td>
<td>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(s) and reduce risks to a more desirable level.</td>
</tr>
<tr>
<td>High</td>
<td>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.</td>
</tr>
<tr>
<td>Priority</td>
<td>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(s) and reduce risks to the audited entity.</td>
</tr>
</tbody>
</table>
### Related State Auditor’s Office Work

<table>
<thead>
<tr>
<th>Number</th>
<th>Product Name</th>
<th>Release Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-706</td>
<td>A Classification Compliance Audit Report on Information Technology Positions at Natural Resources Agencies</td>
<td>February 2019</td>
</tr>
<tr>
<td>18-701</td>
<td>A Classification Compliance Audit Report on Information Technology Positions at Selected Education Agencies</td>
<td>October 2017</td>
</tr>
</tbody>
</table>
Copies of this report have been distributed to the following:

**Legislative Audit Committee**
The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Dennis Bonnen, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable Giovanni Capriglione, House Appropriations Committee
The Honorable Dustin Burrows, House Ways and Means Committee

**Office of the Governor**
The Honorable Greg Abbott, Governor

**Department of Housing and Community Affairs**
Members of the Department of Housing and Community Affairs Board
  - Ms. Leslie Bingham Escareño, Vice-Chair
  - Mr. Paul A. Braden
  - Ms. Sharon Thomason
  - Mr. Leo Vasquez
  - Mr. Bobby Wilkinson, Executive Director

**Department of Motor Vehicles**
Members of the Department of Motor Vehicles Board
  - Mr. Guillermo Treviño, Chair
  - Mr. Charles Bacarisse
  - Ms. Stacey Gillman
  - Mr. Brett Graham
  - Ms. Tammy McRae
  - Mr. John Prewitt
  - Mr. Joel Richardson
  - Mr. Paul Scott
  - Ms. Shelley Washburn
  - Ms. Whitney Brewster, Executive Director

**Department of Transportation**
Members of the Texas Transportation Commission
  - Mr. J. Bruce Bugg Jr., Chairman
  - Mr. Alvin New
  - Ms. Laura Ryan
  - Mr. Robert C. Vaughn
  - Mr. James Bass, Executive Director
Texas Lottery Commission
Members of the Texas Lottery Commission
  Mr. J. Winston Krause, Chair
  Mr. Mark Franz
  Mr. Robert Rivera
  Mr. Erik Saenz
Mr. Gary Grief, Executive Director

Texas Workforce Commission
Members of the Texas Workforce Commission
  Mr. Bryan Daniel, Chairman
  Mr. Julian Alvarez III
  Mr. Aaron Demerson
Mr. Edward Serna, Executive Director
This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor’s Office reports may be downloaded from our Web site: www.sao.texas.gov.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor’s Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.