Performance Audit Report

# State Employee Performance Evaluation Program

Assessment of the Department of Budget and Management's Oversight and Select Agencies' Administration of the Program

June 2018

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Ladies and Gentlemen:

We conducted a performance audit of certain aspects of the State employee Performance Evaluation Program (PEP). The audit included an assessment of the Department of Budget and Management (DBM) – Office of Personnel Services and Benefits' (OPSB) oversight of the evaluation program, as well as five selected State agencies' efforts to ensure PEP compliance. The audit generally included assessments of OPSB's efforts to ensure performance evaluations were completed for all employees, evaluations were completed properly in accordance with pre-established requirements, and evaluation results were accurately reported to the Governor and the General Assembly. The audit also included an assessment of selected agencies' monitoring of performance evaluations given to their employees.

Annual reports prepared by DBM for fiscal years 2012 to 2016 indicated that, on average, 5,600 State employees within the Executive branch had not received annual performance evaluations during each of those years. In other words, the percentage of Executive branch State employees who did not receive an evaluation in each of those years ranged from approximately 10 to 16 percent.

Our audit disclosed that DBM has not established effective strategies for ensuring that evaluations are being prepared as required by State law. For example, there was no documentation that DBM had taken formal efforts to improve the compliance of the Department of Public Safety and Correctional Services (DPSCS), which reported that 69 percent of its 9,500 employees received an evaluation as of June 30, 2016. Furthermore, some agencies such as DPSCS were not tracking completed evaluations using the available capabilities of the automated State Personnel System.

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In addition, we found that neither DBM nor the agencies selected for review had processes in place to ensure the content of employee evaluations met applicable State requirements or policies. For example, the evaluations for 27 of 50 employees randomly selected from agencies under DBM authority for the period ending June 30, 2016 lacked specific tasks the employee should achieve during the next rating period. Similarly, specific tasks were not identified on 60 percent of 189 evaluations randomly selected from 4 individual state agencies employing approximately 24,500 employees.

DBM also did not have a process in place to determine whether PEP was accomplishing its purpose to serve as a communication and employee development tool. Consequently, of the 119 respondents to our anonymous survey of supervisors and employees from various State agencies, 28 percent of the supervisors and 21 percent of the employees did not believe that the PEP accomplished DBM's stated purpose of facilitating communication between employees and supervisors regarding expectations and job performance.

Based on our audit results, PEP may not be accomplishing its stated purpose due in part to the lack of an effective process to ensure supervisors received mandatory training on the performance evaluation process. Although DBM had established a training course and attempted annually to train select agency management personnel (with the intent that they would then be responsible to provide internal agency training), DBM did not formally communicate the expectation that these individuals train other supervisors within their agencies.

We found that four of the agencies did not have a process in place to ensure that all agency supervisors received performance appraisal training from any source, as required by State law. Further, DBM did not require agencies to track training it provided to its supervisors, report that information to DBM, nor determine if the training delivered was valuable. In addition, our survey revealed that 15 of 66 supervisors responding indicated that either they had not been trained or the training was not useful.

Finally, although our statistical sampling indicated that, on an overall basis, DBM's fiscal year 2016 annual report, which reported that 84 percent of employees received evaluations, was reasonable, we concluded that DBM could make certain enhancements to promote accuracy and improve transparency, which are described in greater detail throughout this report.

A summary of our conclusions can be found on page 17, and our audit scope, objectives, and methodology are explained on page 13. The responses to this

audit from DBM – OPSB and the five agencies selected for review in this audit are included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by OPSB and those agencies.

Respectfully submitted,

Thomas J. Barnickel III, CPA
Legislative Auditor

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# Background Information

## Overview

State law requires appointing authorities of agencies under the Department of Budget and Management's (DBM) authority to ensure that supervisors meet with each employee to prepare performance evaluations at six-month intervals. This law requires supervisors to review and discuss the evaluation with each employee to promote agreement and understanding about the performance evaluation, to establish measurable tasks to achieve, and to identify any areas where training may be needed. In addition, the law requires that the end-of-year performance appraisal must include written specific tasks to be achieved during the next rating period and an overall performance rating of outstanding, satisfactory, or unsatisfactory. After each six-month evaluation, agency human resources staff record the overall performance rating for each employee in DBM's State Personnel System (SPS).

Certain State agencies, with independent personnel management systems, are exempt from DBM oversight, but must establish their own employee performance evaluation programs. Such programs could differ from DBM's. For example, State regulations established by the Maryland Department of Transportation (MDOT) require annual, versus biannual, employee performance appraisals in accordance with policies established by MDOT, which also differ from DBM's.

State law requires DBM to compile and report Executive Branch agencies' (also, generally including those with independent personnel systems) employee performance information and other personnel information in an annual personnel report (APR) to the Governor and General Assembly due by January 1st. Department of Budget and Management – Office of Personnel Services and Benefits (OPSB) employees prepare the APR by manually compiling performance evaluation ratings recorded in SPS for each agency for the six-month period ending June 30th as well as the number of employee performance appraisals reported by MDOT.

## Department of Budget and Management Responsibilities

State Personnel and Pensions Article, Title 6, Subtitle 1 of the Annotated Code of Maryland, establishes the State Personnel Management System (SPMS) to provide a system of employment for employees under the authority of the Secretary of DBM. SPMS establishes employment categories, including executive, management, professional, and skilled service. SPMS also

establishes procedures for appointment, promotion, discipline, termination, and other aspects of human resources management. SPMS includes all Executive Branch employees with the exception of certain agencies with authority to establish independent personnel systems, such as MDOT and the University System of Maryland (USM).

DBM utilizes an automated personnel system, SPS, to maintain human resource records for SPMS employees. SPS includes various modules for maintaining records pertaining to employee time and attendance, personnel information, job applications, and online learning. SPS agency payroll data is electronically transmitted to the Comptroller of Maryland – Central Payroll Bureau (CPB) to process State employee payroll. According to CPB records, there were approximately 44,800 employees covered by the SPMS with payroll costs in calendar year 2015 totaling approximately $2.9 billion. According to SPS, there were 3,200 employees in management and 4,200 supervisors for SPMS agencies as of July 17, 2017.

State Personnel and Pensions Article, Section 4-108 of the Annotated Code of Maryland, provides that the DBM Secretary shall periodically conduct investigations and make visits to various units to determine the enforcement and effect of State personnel laws and regulations and the methods of administration of SPMS. State Personnel and Pensions Article, Title 4, Subtitle 3 of the Annotated Code of Maryland requires DBM to compile and report Executive Branch agencies' employee performance information and other personnel information in an APR to the Governor and General Assembly. The APR is to include employees from all Executive Branch agencies, including agencies with independent personnel systems excluding USM. The APR preparation function is performed by OPSB.

## Performance Evaluation Program (PEP)

State Personnel and Pensions Article, Title 7, Subtitle 5 of the Annotated Code of Maryland, requires each agency appointing authority to ensure two evaluations of the performance of each State employee in SPMS under the authority of DBM are completed at six-month intervals in accordance with procedures established by the DBM Secretary. Agency appointing authorities are generally management employees with the power to make appointments and recommend terminations. Further, this law requires DBM to provide mandatory training to each agency's supervisors on the methods and procedures required in the performance evaluation process.

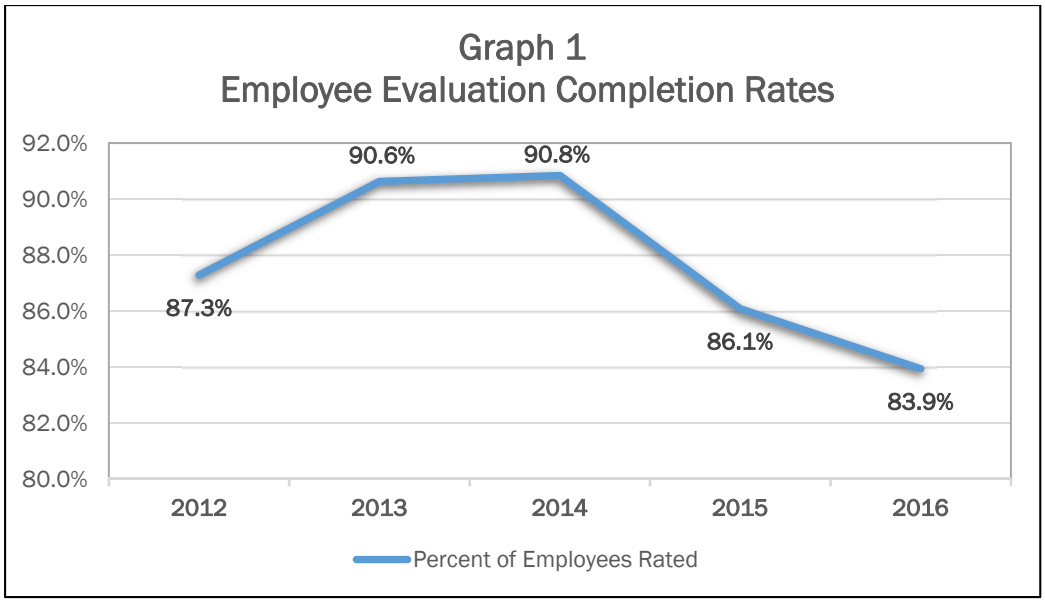
This law requires supervisors to prepare an informal mid-year performance appraisal for each employee under their supervision and to review and

discuss the appraisal with each employee. The purposes of the discussion include promoting agreement and understanding about the performance appraisal, establishing measurable tasks to achieve, and identifying any areas where training may be needed. The end-of-year performance appraisal must be approved by the appointing authority. The appraisal shall include the employee's performance rating, the specific tasks the employee is to achieve during the next rating period, any necessary modifications to the employee's position description, and training recommendations. Performance appraisals are documented on the PEP form developed by OPSB.

State law requires that employees receive an informal mid-year performance appraisal as well as an end-of-year performance appraisal with an overall performance rating of outstanding, satisfactory, or unsatisfactory. According to OPSB guidelines, an individual employee's PEP cycle (that is, rating period) begins either January 1st or July 1st depending on the employee's entry-on-duty (EOD) date (the date the employee began employment with the State, which may be different than his/her current agency hiring date). For employees with EOD dates prior to July 1st, the PEP cycle begins on January 1st while the cycle begins on July 1st for employees hired after July 1st. Consequently, the end-of-year appraisal will be due annually by December 31st or June 30th.

According to guidelines established by DBM, PEP is intended to facilitate communication between employees and supervisors regarding expectations and job performance. The process offers employees and supervisors an opportunity to acknowledge the successes achieved over the year, and to openly discuss areas for enhancement and improvement. In cases of poor performance, it is meant to complement the disciplinary process by providing a means to assist employees to improve.

As shown in Graph 1 on the following page, according to the APR for fiscal years 2012 through 2016, the agencies reported that from 83.9 to 90.8 percent of their State employees received performance evaluations. For example, the APR as of June 30, 2015, indicated that 38,814 (86.1 percent) employees received ratings out of 45,090 employees to be rated. The APR as of June 30, 2016, indicated that 37,999 (83.9 percent) employees received ratings out of 45,271 employees to be rated. This 2016 report included both mid-year and end-of-year evaluation results, which included ratings categories of Outstanding (34.6 percent), Satisfactory (64.9 percent), and Unsatisfactory (0.5 percent). These APRs reflect only regular (not contractual) full-time employees.




**Source:** OLA calculations based on DBM Annual Personnel Reports

## Evaluation Results Reporting Process

OPSB guidelines require agency supervisors to forward completed evaluations to their agency's human resources unit, which is required to report the evaluation results to DBM. To accomplish this reporting requirement, State agency human resource staff record statistics summarizing their agency performance evaluation results for all employees in SPS, except for Executive Branch agencies with independent personnel systems, such as MDOT. The evaluation data recorded in SPS for each employee is limited to the type of evaluation (mid-cycle or end-of-cycle), the evaluation period, and the overall rating of Outstanding, Satisfactory, or Unsatisfactory. OPSB uses the SPS evaluation records to track the progress of agencies in completing performance evaluations for preparation of the APR due January 1st each year. Each December, OPSB contacts agencies with a low evaluation completion rate to remind agency personnel staff that evaluations are past due for the period ending June 30th. As necessary, OPSB employees manually compile and adjust the SPS evaluation data to prepare the APR.

## MDOT Performance Appraisals

Transportation Article, Section 2-103.4 of the Annotated Code of Maryland, authorized MDOT to establish a human resources management system for employees of the Department and its units. MDOT is comprised of the Secretary's Office and five business units and one authority: State Highway Administration, Maryland Transit Administration, Motor Vehicle Administration,

Maryland Port Administration, Maryland Aviation Administration, and the Maryland Transportation Authority (MDTA).

MDOT established an alternative evaluation system that is governed by State regulations and its own human resources policy on employee performance appraisals, which applies to all units except MDTA because MDTA established an independent personnel system. This MDOT policy requires all employees be evaluated at least annually in the form of an appraisal interview and requires all employee appraisals include a development plan or an improvement plan along with an overall rating based on ratings for pre-established general, job specific, and leadership factors.

The Secretary's Office delegates the responsibility for ensuring performance appraisals are completed properly to each unit. The overall appraisal ratings are recorded in MDOT's Human Resources Information System (HRIS) by each unit's human resources staff and are reported in summary to OPSB by the Secretary's Office. MDOT performance appraisals are completed on a calendar year basis, and the annual appraisal results are reported to OPSB for inclusion in OPSB's APR for the subsequent fiscal year (for example, calendar year 2015 appraisals were reported in the fiscal year 2016 report). According to a February 17, 2017 report from the HRIS system, MDOT had 5,860 employees, excluding MDTA.

# Audit Scope, Objectives, and Methodology

## Audit Scope

We conducted a performance audit of certain aspects of the State employee Performance Evaluation Program (PEP), which requires all State employees of agencies under Department of Budget and Management (DBM) authority to receive periodic performance evaluations. We also reviewed certain aspects of the Maryland Department of Transportation's (MDOT) employee performance evaluation program, with the exclusion of the Maryland Transportation Authority (MDTA). Our audit included a review of the program oversight provided by DBM's Office of Personnel Services and Benefits (OPSB) and MDOT and a review of OPSB's and applicable State agencies' policies and procedures to ensure evaluations were properly completed.

## Objectives

Our audit had three objectives:

1. Assess OPSB's efforts to ensure employee performance evaluations are given and the results are accurately reported.

2. Assess OPSB's efforts to ensure completed performance evaluations contain required content, supervisors receive mandatory PEP training, and the overall purpose of the PEP was being achieved.

3. Assess selected agencies' procedures for monitoring the proper completion of performance evaluations for their employees and providing related training to supervisors.

## Methodology

To accomplish our first objective, we reviewed applicable State laws and the policies and procedures established by OPSB governing the PEP and established by MDOT to govern its performance evaluation program. We interviewed personnel at OPSB and MDOT to determine program objectives and to identify processes and related controls to ensure evaluations were completed and evaluations were recorded in the State Personnel System (SPS) and MDOT's Human Resources Information System (HRIS).

We also reviewed OPSB records used to prepare the annual personnel report (APR) submitted to the Governor and General Assembly. These records

included reports extracted by OPSB from SPS, manual spreadsheets maintained by OPSB employees, and email correspondence between OPSB and State agency human resources employees. We judgmentally selected agencies from the APR to test the accuracy of evaluation ratings recorded in SPS as compared to completed performance evaluation documentation. We also obtained data files of all current State employees from SPS and HRIS, which we deemed reliable for our purposes. We used these files for various purposes during the audit, including a determination of the number of employees that had not received performance evaluations.

We also obtained a data file from the Comptroller of Maryland – Central Payroll Bureau (CPB) that listed all regular, full-time State employees issued payroll payments during calendar years 2014 through 2016, which we deemed reliable for our purposes. We reviewed and sorted this file and extracted all employees for Executive Branch agencies (excluding State universities and colleges)[1], and then conducted random statistical samples of all employees Statewide in this extracted file for proper completion of performance evaluations in fiscal year 2016. Our test objective was to use this data to verify the reasonableness of the overall number of evaluations completed as reported in the Annual Personnel Report as of June 30, 2016. Specifically, our random statistical sample size of 131 employees was determined based on a 90 percent confidence level, with 5 percent precision, and a projected error rate of 14 percent based on our preliminary testing.

For our second objective, we interviewed OPSB employees to identify processes to ensure completed performance evaluations contain required content. We also used the aforementioned selection of 131 evaluations to assess the content and completion for only those employees under DBM oversight (that is, we excluded the MDOT employees). Therefore, the results could not be used to conclude on the overall Statewide population. We also used the results of our review of certain evaluations as part of our work under Objective 3, which is described below, to further comment on evaluation content and completion.

We also reviewed OPSB's PEP training course materials and training records to determine if OPSB ensured all agency supervisors received mandatory PEP training. To assess whether the overall purpose of the PEP was being achieved, we invited 95 employees and 106 supervisors selected from our statewide statistical test to complete an anonymous online survey, so as to obtain their opinions on whether evaluations were properly completed and

[1] We excluded State universities and colleges to be consistent with OPSB's PEP Guidelines, which also excluded them (inappropriately, as we subsequently determined based on State law) from OPSB's oversight.

whether the evaluation program was effective.[2] We have included the survey questions and results as Exhibits 3 and 4.

For our third objective, we interviewed employees and reviewed evaluation documentation and training records from the five large State agencies shown in Table 1 to identify how they implemented performance evaluation program policies and procedures. We also determined whether they ensured evaluations were properly completed for all employees, and evaluation training was provided to all supervisors:

**Table 1**
**State Agencies Selected for Review**
**Number of Employees to be Rated**
**June 30, 2016**

| | Agency | Number of Employees |
|---|---|---|
| 1 | Department of Public Safety and Correctional Services | 9,566 |
| 2 | Maryland Department of Health | 7,967 |
| 3 | Maryland Department of Transportation | 5,868 |
| 4 | Department of Human Services | 5,788 |
| 5 | Department of Natural Resources | 1,214 |
| **Total** | | **30,403** |

**Source:** DBM Annual Personnel Reports

To determine the extent to which evaluations were completed for employees of each of the aforementioned 5 agencies for fiscal years 2015 and 2016, we employed a statistical sampling methodology for each agency. Collectively, we selected from the CPB records 591 employees (521 employees from the four agencies under DBM oversight and 70 MDOT employees). Our sampling methodology assumed a 90 percent confidence level, 5 percent precision, and projected error rates ranging from 3 percent to 30 percent based on our preliminary testing at each of the 5 agencies.

[2] Our statewide statistical test of evaluations consisted of 131 employees selected from CPB records. For the on-line survey, we excluded 19 MDOT employees because they utilized an alternative evaluation form. An additional 17 employees could not be contacted because they had left state service or did not have a valid e-mail address, resulting in the 95 employees invited to participate in the online survey. We also invited 106 of the 131 employee's supervisors, excluding MDOT, to complete the survey who were still employed and had a valid e-mail address, which was used to invite survey participation.

We also used a portion of the sample population to conduct tests to assess whether the content of those evaluations met applicable State requirements or policy. That is, for the four agencies under DBM oversight, we only used the 189 year-end evaluations prepared for the six-month period ended June 30, 2016 to perform the tests. (The remaining 332 employees either did not have an evaluation on file for that period or received an interim evaluation.) Consequently, test results could not be projected to the entire population of employees for each agency. The calendar year 2015 evaluations for all 70 MDOT employees were used to conduct the test of content. We chose not to use the results to conclude on the overall MDOT population.

Our audit was performed 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.

## Fieldwork and Agency Responses

Our fieldwork was completed during the period from October 2016 through December 2017. A copy of the draft report was provided to DBM – OPSB and to the Department of Public Safety and Correctional Services (DPSCS), Maryland Department of Health (MDH), Department of Human Services (DHS), Department of Natural Resources (DNR), and Maryland Department of Transportation (MDOT). The responses to our findings and recommendations from DBM – OPSB to Findings 1, 2, 3, 4, and 5, and the responses from DPSCS, MDH, DHS, DNR, and MDOT to Findings 6, 7, and 8, appear as an appendix to this report. As prescribed in State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise the agencies regarding the results of our review of their responses.

# Conclusions

We concluded that improvements were needed over the Department of Budget and Management (DBM) – Office of Personnel Services and Benefits' (OPSB) efforts to ensure that evaluations were given to employees as required and reported accurately on an annual basis. We also found that OPSB did not have processes in place to ensure that all evaluations were properly completed, supervisors received required Performance Evaluation Program (PEP) training, and the overall purpose of PEP was achieved. Finally, opportunities were identified, which we believe will improve State agency procedures to ensure that all required evaluations were properly prepared and delivered to employees and that supervisors received required comprehensive training on the evaluation process.

Our audit found that many employees of the agencies under DBM's authority did not receive required evaluations. According to the Annual Personnel Reports (APR) for fiscal years 2012 through 2016, State agencies reported that from 83.9 to 90.8 percent of their State employees received performance evaluations. For example, the APR as of June 30, 2016, indicated that 37,999 (83.9 percent) employees received ratings out of 45,271 full-time, regular employees to be rated (see Exhibit 1). In addition, OPSB lacked a comprehensive strategy to improve agency compliance with the evaluation requirements in State law. OPSB had not established a process to routinely follow-up with agencies that reported high numbers of evaluations that were not completed by notifying management and seeking corrective actions when warranted.

OPSB had not established requirements that agencies monitor the recordation and completion of evaluations using the State Personnel System (SPS) or other internal tracking mechanisms. For example, our review of the evaluation procedures for four agencies with large employee populations as of June 30, 2016 disclosed that each had a process to record certain evaluation information in SPS. However, the two agencies with the highest annual percentage (96.5 and 99.5 percent) of evaluated employees had established internal evaluation tracking procedures using available reports in SPS.

We also identified certain conditions that if addressed could lead to enhanced reliability and usefulness of the APR. Specifically, OPSB did not disclose certain information regarding the methodology used to prepare the APR, inappropriately excluded data from certain agencies, and combined the results of 41 agencies into one "All Other Agencies" category, resulting in a loss of individual agency accountability (see Exhibits 1 and 2). For example, the APR did not state that the performance data reported only reflected

evaluations, both informal mid-cycle and comprehensive end-of-cycle, that were due for the six-month period ended June 30th rather than provide data for the entire fiscal year, although this data was available in SPS.

Furthermore, OPSB had not developed automated processes to support the APR results. Instead, OPSB manually compiled the evaluation data, but had not established the necessary recordkeeping controls. Specifically, OPSB did not verify that agencies properly recorded in SPS the applicable information from paper copies of evaluations, or more importantly, that an evaluation was actually prepared when so indicated in SPS.

We also found that OPSB had not established a process to ensure performance evaluations were based on measurable standards or that their content met legal requirements. Specifically, OPSB had not established procedures for reviewing State agency completed evaluations and related position descriptions to ensure they included measurable standards and certain key elements, such as specific tasks to be achieved during the next rating period, as required by law. For example, our test of end-of-cycle evaluations for the six months ended June 30, 2016 for 189 employees from four large agencies found that for 114 employees (60 percent), the evaluations lacked specific tasks to be achieved during the next rating period.

In addition, OPSB did not clearly communicate training expectations for those State agency employees in supervisory and managerial positions who are responsible for preparing performance evaluations. Further, OPSB did not require agencies to maintain records of employees in those position receiving training. In addition, oversight was insufficient because OPSB did not track nor require agencies to report whether supervisory employees had received mandatory training on the performance evaluation process, as required by State law.

For example, our on-site review of four agencies subject to DBM authority with large workforces identified one agency, which had approximately 325 supervisors or managers as of July 2017, that was unaware that PEP training was mandatory and consequently, had not provided this required training. Although the remaining three agencies had established PEP training programs for their supervisors and managers totaling approximately 4,200 as of July 17, 2017, we were unable to determine the extent to which those individuals had been trained. According to SPS records, as of July 17, 2017, there were approximately 7,400 employees in supervisory or managerial positions Statewide, who should be subject to this training.

In addition, OPSB had not developed approaches to evaluate the effectiveness of the PEP and training courses and had not formally sought relevant feedback from employees or supervisors. Such feedback could be helpful in identifying any needed enhancements to ensure the PEP results in a meaningful and honest exchange about employee performance. Between 20.8 and 27.7 percent of the individuals who participated in our survey of employees and supervisors indicated that they did not believe PEP was achieving its desired outcomes, including facilitating communication between supervisors and employees, or was effective and valuable to employee development. In addition, 18.0 percent of the supervisors and managers expressed concern about the usefulness of training. Finally, certain provisions of the PEP Guidelines may hamper the effectiveness of the PEP since evaluators are advised they need not formally rate employee performance for each essential job function within the position descriptions, if evaluators rate overall work quality is satisfactory or better. Consequently, employees may not be expressly told what specific functions met targets and which did not.

Finally, our review of five agencies (each with over a thousand employees) consisting of four agencies subject to DBM authority and one independent agency[3] disclosed that three (DPSCS, MDH, and MDOT) were not using available personnel system reports or other means to monitor the completion of performance evaluations. For DPSCS, MDH, and MDOT we noted, through a review of documentation supporting the APR and testing, that 31.3, 15.6, and 13.2 percent, respectively, of their employees had not received evaluations as reported in the 2016 APR. Conversely, we found that the two agencies that used available system reports to track completion of evaluations (DHS and DNR) had each completed evaluations for over 96 percent of their employees. Nevertheless, none of the five agencies reviewed had established controls over the recording of evaluation data in SPS or their internal personnel systems to ensure that all evaluations given were accurately recorded.

None of the five agencies reviewed had effectively monitored the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy. Specifically, numerous performance evaluations tested that were given to employees were not fully completed as required. In some cases, position descriptions with measurable performance standards were also not maintained. For example, for the four agencies in the State Personnel Management System, our tests determined

[3] The five agencies were the Department of Human Services (DHS), Department of Natural Resources (DNR), Department of Public Safety and Correctional Services (DPSCS), Maryland Department of Health (MDH), and Maryland Department of Transportation (MDOT). MDOT has an independent personnel system and is not subject to DBM authority.

that evaluations for 114 of the 189 employees (60 percent), with end-of-cycle evaluations for the period ended June 30, 2016, lacked specific tasks to be achieved during the next rating period as required, including 67 employees who had the same omission for the evaluation period ending June 30, 2015. Consequently, there was a lack of assurance that these employees were notified of expectations for the upcoming rating period, which could help elevate employee performance.

Furthermore, none of the five agencies tested had a process to track whether each of their supervisors had received performance appraisal training, either from OPSB, an in-house training program, or online through DBM's Learning Management System. State law requires that each employee receive training in the performance appraisal process' methods and procedures. This condition could be a factor influencing the aforementioned incomplete employee performance evaluations.

# Findings and Recommendations

## Objective 1
## Assess the Department of Budget and Management (DBM) – Office of Personnel Services and Benefits' (OPSB's) Efforts to Ensure Employee Performance Evaluations Are Given and the Results Are Accurately Reported

**Finding 1**
**Many employees had not received required evaluations during a five-year period and OPSB had not established a comprehensive strategy to improve agency compliance or ensure agencies monitored their efforts.**

**Analysis**
Many employees of the agencies under DBM's authority were not evaluated and OPSB lacked a comprehensive strategy to improve agency compliance with evaluation requirements in State law. Furthermore, OPSB had not established requirements that agencies monitor the recordation and completion of evaluations using the State Personnel System (SPS) or other internal tracking mechanisms.

Strategy to Improve Agency Compliance
According to the Annual Personnel Reports (APRs) for fiscal years 2012 through 2016, agencies reported that between 83.9 to 90.8 percent of their State employees received performance evaluations. Conversely, an average of approximately 5,600 employees annually did not receive an evaluation during that five-year period. For example, the annual report as of June 30, 2016, indicated that 37,999 (83.9 percent) employees received an evaluation and 7,272 (16.1 percent) employees did not. We tested the evaluation documentation for a random statistical sample of 131 employees who were employed by the State in agencies included in the June 30, 2016 annual report and determined the overall reported percentage of employees evaluated was reasonably accurate, based on OPSB's report preparation methodology (see Finding 2).[4]

Although OPSB monitored agency self-reported information regarding the number of employees who had not received required end-of-year evaluations,

[4] Specifically, our probability sampling was based on 90 percent confidence, expected error occurrence rate of 14 percent based on pre-testing, and precision of 5 percent. Consequently, based on the results of our sample of 131 employees, we are 90 percent confident that evaluations were documented for between 79.6 and 89.9 percent of the State employees subject to this requirement.

in conjunction with the preparation of the APR, it had not established a comprehensive strategy to improve agency compliance. For example, OPSB had not established a process to routinely follow-up with agencies who reported high numbers of evaluations that were not completed by notifying management that their appointing authorities had failed to substantially complete required evaluations. As of January 2017, OPSB had not sent any formal notices of noncompliance to agencies since August 2013. Before August 2013, OPSB advised agencies when they failed to "substantially complete" (defined by OPSB as at least 85 percent) the required number of evaluations.

During the APR preparation process, OPSB staff sent emails to agency human resources personnel with the purpose of encouraging the agencies to complete and report outstanding evaluations to OPSB as soon as possible. However, no attempt was made to identify the underlying reasons for low reported completed evaluation numbers and develop corrective actions.

Guidance for Monitoring Evaluation Completion

OPSB's PEP Guidelines did not specify that agency managers designated as appointing authorities should use SPS to record all employees' evaluation results and track the employees who had not been evaluated for follow-up purposes. However, our review of the evaluation procedures for four agencies with large employee populations as of June 30, 2016 disclosed that each had a process to record certain evaluation information in SPS; generally, the time-period covered by the evaluation and the overall employee rating. We also determined that the two agencies with the highest annual percentage [99.5 percent for Department of Human Services (DHS) and 96.5 percent for Department of Natural Resources (DNR)] of evaluated employees had established internal evaluation tracking procedures using available reports in SPS. These system reports were used to identify which employees had not been evaluated to notify their supervisors and, in light of the high evaluation completion percentages, demonstrates the usefulness of using SPS for tracking purposes. Conversely, the other two agencies [Department of Public Safety and Correctional Services (DPSCS) and Maryland Department of Health (MDH)] which had not established such tracking mechanisms had lower evaluation percentages (ranging from 68.7 percent to 84.4 percent) for the year ended June 30, 2016 (see Finding 6).

Identifying Trends

In addition, OPSB had not attempted to use SPS to compile and summarize evaluation data to identify trends that could help target its follow-up efforts. Our analysis of evaluation ratings in SPS determined that as of January 23, 2017 no evaluation ratings had been reported for at least 2,500 specific

employees since the system was implemented in November 2014, including 391 employees with annual salaries exceeding $100,000. Furthermore, OPSB had not developed an SPS agency overdue evaluations report to monitor agency compliance efforts throughout the year.

**Recommendation 1**
**We recommend that OPSB**

a. **develop comprehensive strategies for addressing agency non-compliance with employee performance evaluation requirements;**
b. **amend existing PEP Guidelines to specify that all applicable Executive Branch agencies use SPS to record evaluations and track evaluation activity, as well as to institute appropriate internal follow-up to improve evaluation completion performance; and**
c. **monitor SPS evaluation data to identify trends to target follow-up efforts.**

**Finding 2**
**OPSB did not disclose certain information in the APR needed to better interpret and clarify the performance evaluation results. In addition, complete records supporting the APR were not maintained and controls were not established to ensure the accuracy of SPS data used to compile the APR.**

**Analysis**
OPSB did not disclose certain information regarding the methodology used to prepare the APR, excluded certain agencies' data, and combined the individual results of many other agencies. Furthermore, automated processes were not developed to support the APR results; instead, OPSB manually compiled the evaluation data without establishing recordkeeping controls. Although, as noted in Finding 1, OPSB had not established a policy requiring the recordation of all evaluations in SPS, when completed evaluations were recorded, we found there were no procedures in place to ensure that they were accurately recorded in SPS by State agency personnel. These issues can affect the interpretation of the APR information and the integrity of the reported data.

Report Preparation Methodology

- The APR did not contain a complete description of the methodology used to report evaluation results and, therefore, could be subject to misinterpretation. The APR did not state that the performance evaluation data in the APR only reflected evaluations, both informal mid-cycle and comprehensive end-of-cycle, that were due for the six-month period ended June 30th rather than provide data for the entire fiscal year. For example, the APR did not disclose the number of employees who had received both

the informal and comprehensive end-of-cycle evaluations during the fiscal year reported even though this information was available in SPS.

Our review of SPS records for the PEP cycle ending June 30, 2016 disclosed that 48 percent of 29,384 employees (this excludes the Maryland Department of Transportation (MDOT) which has a different evaluation system) received mid-cycle evaluations since their hire dates were between January 1st and June 30th while the remaining 52 percent of employees received end-of-cycle evaluations as of June 30th.

Given the requirement that employees are to receive both evaluations in a year, it may be more informative to report the numbers of employees who received: (1) only the informal mid-cycle evaluation; (2) only the end-of-cycle evaluations; and (3) those employees who received both evaluations as required during the reporting year. This additional information could present a different perspective. For example, based on our Statewide statistical sample of fiscal year 2016 end-of-cycle evaluations for the 131 employees, we can state with a 90 percent confidence level that the completion rate for such evaluations was between 88 and 96 percent for employees during fiscal year 2016.

- OPSB did not report performance evaluation statistics for certain agencies with independent personnel systems in the APR as required by law. For example, the APR issued by OPSB did not include performance evaluation results for the Maryland Stadium Authority, Baltimore City Community College (BCCC), Morgan State University, or St. Mary's College of Maryland.

  Although the APR disclosed that the BCCC evaluation data was excluded, the other missing agencies were not mentioned. Nevertheless, there does not appear to be legal basis for excluding any of these agencies from the report. State Personnel and Pensions Article, Title 4, Subtitle 3, of the Annotated Code of Maryland requires that the annual personnel report should include information about all Executive Branch employees, including employees of agencies with independent personnel systems, but excluding the University System of Maryland. Per our review of Central Payroll Bureau payroll data, there were 2,138 employees of these four agencies in calendar year 2016 for which performance evaluation results were excluded from the APR.

  OPSB management advised us that these agencies were not included based on discussions with the Department of Legislative Services' Office of Policy Analysis when the legal requirement for the APR was established

in 1996. OPSB had not obtained advice from its legal counsel to determine whether excluding these agencies was consistent with the law.

- The format for the 2015 and 2016 APR did not provide needed specificity for some State agencies, including calculated compliance rates, because many agencies, some with low evaluation completion rates, were grouped together in a miscellaneous category in the APR rather than listed separately.

  For example, the June 2015 APR combined into one category 40 agencies (consisting of 5,682 employees or 13 percent of the total employees) of which 22 agencies had employed from 50 to 1,018 employees and had evaluation completion percentages ranging from zero to 100 percent. These 40 agencies were not considered principal agencies, which were separately listed in the APR, despite the fact that the size of the workforce for many of the 40 agencies was greater than some that were separately listed. As a result, it was not readily apparent that for June 2015 there were, for example, 7 agencies employing from 52 to 585 employees that had evaluation completion percentages ranging from 0 (for 3 agencies) to 63 percent (for 3 agencies) that were not separately disclosed in the APR.

<u>Evaluation Data Compilation Process</u>

- Although performance evaluation information was recorded by certain State agencies in SPS, OPSB had not developed the automated capability to compile such evaluation data for the final APR report and retain an historical summary record of this information as of the end of the reporting period. The SPS data is being continually updated, so available SPS reports with evaluation information could not be used to verify the APR report because these SPS reports only listed the most recent evaluations completed. As a result, evaluation totals for preceding dates (such as the number of evaluations recorded in a previous year) were not readily available. SPS also could not be used to identify any modifications made after the reporting period was closed out in SPS (for example, the November following the June 30th reporting period) pertaining to evaluations given during that period. Consequently, manual records were prepared to account for modifications after the SPS closeout date to provide more accurate information for the APR.

- The manual records that were maintained by OPSB did not provide a complete audit trail of the original evaluation information obtained from SPS and the subsequent modifications that were made to prepare the APR. Consequently, the underlying data supporting the APR (that is, the

specific employees who received evaluations during the reporting period) could not be recreated.

SPS data, in the form of agency employee and evaluation rating category totals, were manually compiled by an OPSB employee and recorded in a spreadsheet. The evaluation completion counts in this spreadsheet were edited multiple times based on agency emails and telephone conversations, without OPSB obtaining verification or related support (such as screen printouts). Furthermore, the spreadsheets were printed and manually adjusted with written notations then updated and reprinted, but not all versions were retained on file.

For example, we noted where adjustments were made to increase the fiscal year 2016 completed evaluation totals in the spreadsheet for three State agencies (DPSCS – 1,051, Commerce – 127, and DBM - 38) by a collective 1,216. The largest adjustment was for DPSCS, which increased the number of employees rated by 1,051 (an increase from 5,518 in the initial draft to 6,569 for the final report). However, as of October 28, 2016, the SPS only listed 5,400 DPSCS employees as having received completed evaluations, a difference of 1,169 from the final total published in the 2016 APR. OPSB personnel advised us that the difference was due to employee PEP ratings that were purportedly given but never recorded in SPS (as noted in Finding 1, there was no policy requiring agencies to record evaluations in SPS).

<u>SPS Data Verification Process</u>

- OPSB had not established procedures to ensure the accuracy of the evaluation information entered into SPS by State agency personnel and used to prepare the APR. OPSB did not verify that agencies properly recorded in SPS the applicable information from paper copies of evaluations, or more importantly, that an evaluation was actually prepared when so indicated in SPS. For example, OPSB did not require State agencies to provide copies of randomly selected completed evaluations to OPSB on a test basis to support SPS data they entered.

  In addition, OPSB did not require State agencies to establish controls to ensure all evaluations given were properly and accurately recorded in SPS. For example, our review of five large agencies disclosed that none of these agencies had established an independent verification of the accuracy of evaluation ratings entered in SPS. Furthermore, these agencies had not established data input control records that could be used to perform the verifications.

Our review of the evaluation data for 521 employees randomly selected from four large agencies using SPS disclosed many recordation discrepancies, as shown in Table 2. Specifically, we found 94 instances in which SPS indicated that either a mid-cycle or end-of-cycle evaluation was completed but the agency could not locate the evaluation documentation, or evaluation documentation was provided but not reflected in SPS.

**Table 2**
**Results of OLA Test of Evaluation Recordation in SPS Evaluations for the Six Months Ended June 30, 2016**

| Department | Employees Tested | Evaluation Recorded in SPS but Documentation Not Provided | Documentation Provided but Evaluation Not Recorded in SPS | Total Discrepancies |
|---|---|---|---|---|
| DHS | 42 | 1 | 0 | 1 |
| DNR | 31 | 0 | 0 | 0 |
| DPSCS | 224 | 28 | 29 | 57 |
| MDH | 224 | 24 | 12 | 36 |
| **Total** | 521 | 53 | 41 | 94 |

**Source:** OLA test of 521 employees randomly selected from 4 large agencies

Recommendation 2
We recommend that OPSB

a. disclose the methodology used to prepare the APR and consider reporting evaluation data for an entire fiscal year;
b. obtain and report employee performance evaluation results for all Executive Branch agencies in the APR as required by law;
c. expand the number of agencies individually listed on the APR (for example, individually list principal agencies and other agencies with greater than 50 employees);
d. develop an automated capability to compile evaluation data for the preparation of the APR to eliminate the need for manual records, otherwise establish appropriate manual controls and recordkeeping to support APR data;
e. establish procedures to verify that agencies accurately recorded evaluations in SPS; and
f. require agencies to establish controls to ensure all evaluations given were properly and accurately recorded in SPS.

## Objective 2
## Assess OPSB's Efforts to Ensure Completed Performance Evaluations Contain Required Content, Supervisors Receive Mandatory PEP Training, and the Overall Purpose of the PEP Was Being Achieved

**Finding 3**
**OPSB had not established a process to ensure performance evaluations were based on measurable standards and their content met legal requirements.**

### Analysis
OPSB had not established a process to ensure performance evaluations were based on measurable standards and their content met legal requirements. Specifically, OPSB had not established procedures for reviewing completed evaluations and related position descriptions to ensure they included measurable standards and certain key elements, such as specific tasks to be achieved during the rating period, as required by law.

Of the 112 employees in our Statewide statistical sample of employees subject to DBM oversight (that is, excluding 19 MDOT employees from the 131 sample size), we found that for many of the employees, position descriptions and the end-of-cycle performance evaluations forms lacked required elements.

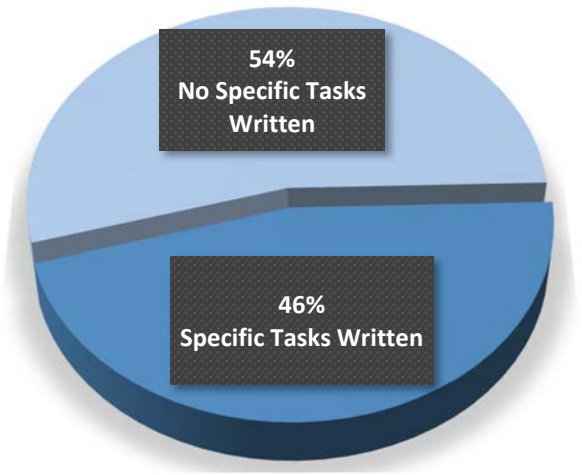
- For 12 of the 112 employees (11 percent), agencies had not established position descriptions (via Form MS-22) with measurable performance standards as required. Specifically, the position description forms either had a standards area that was blank or had no measurement criteria. State law and the PEP Guidelines require agencies to establish written position-specific performance standards that are observable, measurable, and objective to place the employee on notice as to what is required. An example of such a measure, as provided in the PEP Guidelines, would be as follows: "at least 85% of customers surveyed rated the employee "satisfactory" or better on application disposition." According to the Guidelines, a standard should be established for each essential job function listed on the position description. Without these standards, the position expectations may not be conveyed before the rating period and available to objectively evaluate employees at the end of that period.

  There appears to be an inconsistency regarding the establishment of performance standards in position descriptions as discussed in the PEP Guidelines and its instructions for completing the MS-22. According to the

PEP Guidelines, "…position-specific performance standards should place the employee on notice as to what is required to be rated 'Outstanding', "Satisfactory', and 'Unsatisfactory' " whereas the instructions only require the standards needed to meet satisfactory. Most of the position descriptions we reviewed did not establish standards for all 3 categories, which would be helpful to support an employee's overall rating.

- For 50 of the 112 employees subject to DBM authority with end-of-cycle evaluations for the six months ended June 30, 2016, over half of the evaluations lacked specific tasks to be achieved during the next rating period, as required. As shown in Chart 1, 27 of the 50 employees (54 percent) lacked written specific tasks to be achieved, which if completed could help improve employee productivity, work quality, and/or behavior. Although 9 of these employees were rated 'satisfactory', with the remainder rated 'outstanding', State law stipulates that a required element of end-of-cycle evaluations is establishing (and providing employees with) specific written tasks and indicators. These tasks and indicators are to be based on measurable and objective standards that can be evaluated on an outcome that the employee needs to accomplish in order to meet the overall objectives of the position.

**Chart 1**
**June 30, 2016 Performance Evaluations**
**Statewide Sample Test Results**
**50 Employees With End-of-Cycle Evaluations**




- 27 employees (54%) with end-of-cycle evaluations that lacked written specific tasks to be achieved during the next rating period as required, which included 9 employees rated Satisfactory and 18 rated Outstanding.
- 23 employees (46%) with end-of-cycle evaluations that had specific tasks to be achieved written on evaluation.

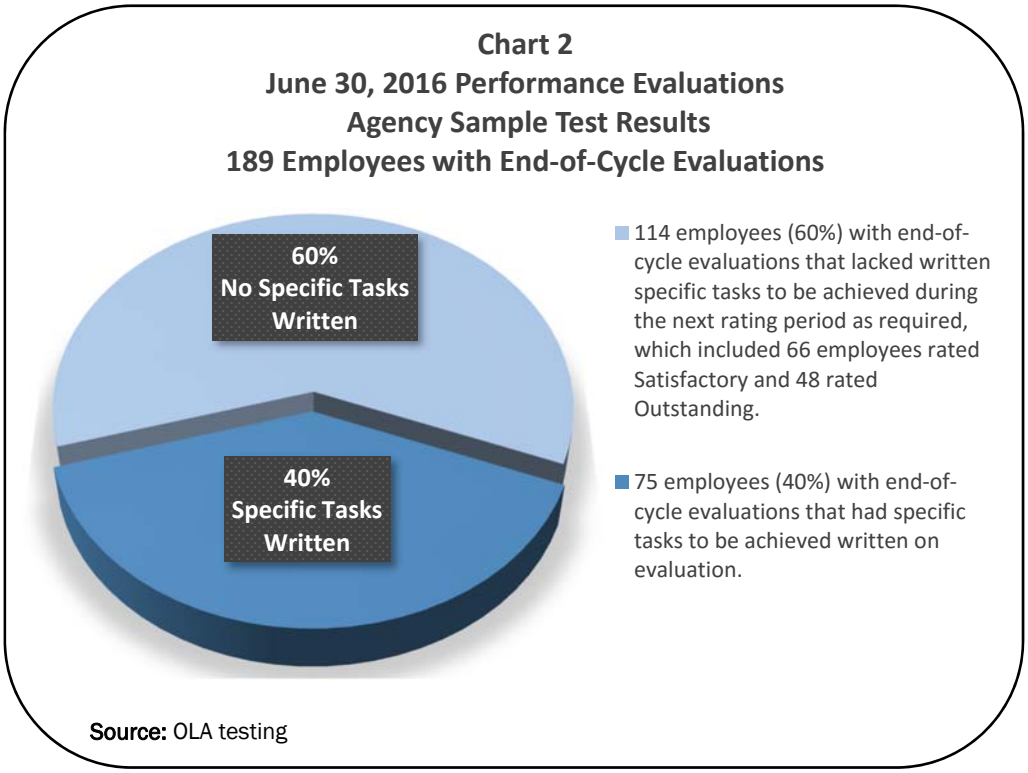
**Source:** OLA testing

Neither the PEP Guidelines or the formal manager and supervisor training materials provide any instructions to help evaluators meet this requirement. Although the evaluation forms have a designated location for evaluators to record such tasks, no guidance is offered to explain how these tasks, for example, relate to position descriptions performance standards and would improve employee productivity.

As noted later in Finding 7, we also conducted tests of evaluations issued by five individual state agencies with significant numbers of employees for adequacy of content. These tests also disclosed that position descriptions and the end-of-cycle performance evaluations forms often lacked required elements similar to the results of our statewide test. For example, of the 521 employees randomly selected from the four agencies under DBM's authority, 11 percent lacked measurable performance standards in their position descriptions.

Furthermore, as shown in Chart 2 on the following page, for 114 of the 189 employees[5] (60 percent) from the four agencies with end-of-cycle evaluations for the six months ended June 30, 2016, the evaluations lacked specific tasks to be achieved during the next rating period, as required. Consequently, there was a lack of assurance that these 114 employees (66 who were rated 'satisfactory', with the remainder rated 'outstanding') were notified of expectations for the upcoming rating period, which could help improve employee productivity, work quality, and/or behavior.

[5] The 189 employees represent a subset of the 521 randomly selected employees tested from the four agencies under DBM's authority who received end-of-cycle evaluations at June 30, 2016. The remaining 332 employee from the original test either did not have an evaluation on file for the period or received an interim evaluation.




Recommendation 3

We recommend that OPSB

a. establish procedures for reviewing completed evaluations and position descriptions, at least on a test basis, for sufficiency of content;
b. ensure the applicable agencies are notified of deficiencies and take appropriate corrective actions;
c. enhance and clarify the PEP Guidelines to require the establishment of measurable performance standards in position descriptions and to require that end-of-cycle evaluations include written specific tasks to be achieved by employees during the next rating period as required by State law; and
d. ensure consistency in its PEP Guidelines and MS-22 instructions.

Finding 4

OPSB did not clearly set the expectations for required mandatory PEP-related training for supervisory and managerial employees, require the maintenance of agency-based training records, or monitor agency training efforts.

Analysis

OPSB did not clearly communicate training expectations for those in supervisory and managerial positions who are responsible for preparing performance evaluations. Furthermore, OPSB did not require agencies to

maintain records of those receiving training. In addition, OPSB oversight was insufficient because it did not track nor ask agencies to report whether supervisors had received mandatory training on the performance evaluation process as required by State law. As of July 17, 2017, there were approximately 7,400 employees in supervisory or managerial positions statewide under SPS who should be subject to this training.

State law requires each (agency) supervisor to attend mandatory training by DBM on the methods and procedures required in the performance appraisal process. We were advised by OPSB management that due to a reduction in staffing effective fiscal year 2005, OPSB discontinued previous efforts to provide the required in-person classroom training to every agency supervisor. Consequently, in an acknowledgement of its inability to comply with State law, OPSB's Employee and Labor Relations Division (ELRD) established an alternative process. Specifically, ELRD attempts to provide up to two in-person training courses annually with the goal of training at least one management employee at each agency, who, in-turn, should train all other supervisory personnel at their agency on the PEP requirements. OPSB has also made the PEP training presentation available online for agency supervisors on its website and through their Learning Management System, which could satisfy the aforementioned requirements of State law.

However, OPSB did not communicate its expectation that employees who attend its in-person PEP training courses, which includes reviewing the PEP purpose and requirements, to train all supervisory personnel at their agencies. There was no mention of this expectation in its written course materials or on its website. Without formal training, there is an increased risk that agency supervisors and managers, who did not attend an in-person course, will not properly complete required performance evaluations in order to formally communicate expectations and job performance with employees.

Our on-site review of four agencies subject to DBM authority with large workforces identified one agency (Department of Natural Resources) that was unaware of DBM's expectation that its employees who attended the in-person PEP training courses were to train all the other supervisory personnel at their agency. Consequently, this agency had not provided this required training to its supervisors or managers, which totaled approximately 325 as of July 17, 2017.

Although the remaining three agencies had established PEP training programs for their supervisors and managers totaling approximately 4,200 as of July 17, 2017, we were unable to determine the extent to which those individuals had been trained. Specifically, OPSB did not require agencies to maintain training

records nor did OPSB make any such inquiries to determine whether the training requirements in State law had been met. We were advised by two of the three aforementioned agencies that training records were not maintained in a manner to readily identify whether all supervisors had received PEP training (see finding 8).

Recommendation 4

**We recommend that OPSB ensure compliance with State law requiring it to provide PEP training to agency supervisors. Specifically, OPSB should**

a. **clearly communicate its training expectations to state agencies, including the need to ensure all supervisors and managers are properly trained;**
b. **require state agencies to maintain detail PEP records to track PEP training provided to each supervisor and manager to substantiate the requirements of State law have been met; and**
c. **monitor state agency PEP training efforts, including employee attendance/participation by requiring periodic reports on training activities.**

Finding 5

**OPSB had not developed approaches to formally evaluate the effectiveness of the PEP as well as training courses for managers and supervisors.**

Analysis

OPSB had not developed approaches to formally evaluate the effectiveness of the PEP and training courses. For example, OPSB had not formally sought feedback from employees, including those managers who participated in its training course, or those who received such instruction from their managers or via the online course. Such feedback could be helpful in identifying any needed enhancements to ensure the process results in a meaningful and honest exchange about employee performance and leads to performance improvements, when warranted.

Some individuals who responded to our survey indicated that they did not believe PEP was achieving its desired outcome and some supervisors and managers expressed concern about the training. The results of our survey disclosed the following:

Survey Results on PEP

- Eighteen of the sixty-five supervisors (28 percent) and eleven of the fifty-three employees (21 percent) surveyed who responded did not believe that the PEP accomplished its stated purpose of facilitating

communication between supervisors and employees regarding expectations and job performance.

- Eleven of the fifty-three employees (21 percent) surveyed did not believe the PEP process was effective and valuable to employee development. For example, written comments from employees and supervisors surveyed, described the PEP as "meaningless" and the PEP form as a "flawed assessment tool."

- Survey participants also responded that the three rating categories were too broad (one employee), the PEP documentation often did not reflect employees' actual job duties (two employees), there was a lack of correlation between the employees' actual performance and their rating (ten employees), and there was a lack of incentives for outstanding performance (one employee).

Survey Results on Training

- Eleven of the sixty-one managers or supervisors (18 percent) who responded did not find the training to be a useful tool to aid in conducting evaluations with their employees. Written comments from five of these eleven supervisors indicated that the training was "generic," lacked details on how to actually complete the evaluation form, or did not address how to deal with problem employees.

- Four managers or supervisors responded that they had not received training so they could not comment on training usefulness.

Further Observation About PEP

Based on our review of PEP, we believe OPSB should reconsider a particular aspect of its PEP guidance as it relates to rating employee work quality, which we believe compromises the effectiveness of the process.[6] PEP Guidelines specify that evaluators need not formally rate employee performance for each essential job function within the position descriptions if evaluators rate overall work quality as satisfactory or better on the end-of-cycle evaluations. Consequently, employees may not be expressly told what specific functions met targets and which did not. During our testing, we noted that evaluations often did not list applicable job functions with separate ratings under the category of work quality.

[6] There are three different evaluation forms (one each for non-supervisory, supervisory, and management employees). A copy of the non-supervisory evaluation form has been included in Exhibit 3.

In this situation, there is an increased risk that raters will subjectively conclude individuals performed satisfactorily without determining the extent to which objective targets set in position descriptions have been met. The failure to perform this exercise would seem to negate the purpose of establishing objective targets except for unsatisfactory ratings, which are rare. According to the fiscal year 2016 APR, only 0.3 percent employees (146) received an unsatisfactory rating.

Furthermore, the PEP Guidelines do not seem to recognize the possibility that while overall work quality may be appropriately deemed satisfactory, there could be functions that need to be improved and should be communicated to help raise overall performance and employees' contributions to their agency mission.

Recommendation 5
We recommend that OPSB

a. develop approaches, such as employee surveys, for evaluating the effectiveness of the PEP and the OPSB training; and
b. reassess the appropriateness of PEP Guidelines pertaining to evaluating employee work quality for those rated satisfactory or better.

## Objective 3
## Assess Selected Agencies' Procedures for Monitoring the Proper Completion of Performance Evaluations for Their Employees and Providing Related Training to Supervisors

Finding 6
Certain agencies that were not using available personnel system records to monitor completion of performance evaluations had many employees who were not evaluated. None of the five agencies reviewed had established controls over the recording of evaluation data in the personnel systems.

Analysis
Our review of five agencies with each over a thousand employees – four subject to DBM authority and one independent agency (MDOT) – disclosed that three were not using available personnel system reports (that is, either SPS or MDOT's Human Resources Information System (HRIS)) or other means to monitor the completion of performance evaluations. Furthermore, none of the five agencies reviewed had established controls over the recording of evaluation data in the personnel systems to ensure all evaluations given were accurately recorded.

DPSCS and the MDH, while recording evaluation results in SPS, had not established a process to use available SPS reports or other suitable means to routinely identify and notify supervisors of employees who had not received required evaluations. Furthermore, MDOT's Office of the Secretary – Human Resources unit was not routinely using the department's personnel system to monitor evaluations completed by its business units and identify employees who had not been evaluated. Rather, the business units were responsible for ensuring evaluations were completed as required without any effective central monitoring.

Consequently, two of the three departments had many employees (16 to 31 percent) who had not received evaluations as reported in the 2016 APR and confirmed by our tests. Conversely, our audit disclosed that the two agencies (DNR and DHS) that used available SPS reports to track completion of evaluations had completed evaluations for over 96.5 and 99.5 percent of their employees, respectively.

Evaluations Completed

- According to the 2016 APR, DPSCS only completed mid-cycle or end-of-cycle performance evaluations due on June 30th for 6,569 of its 9,566 regular employees (69 percent), indicating that the remaining 2,997 employees (31 percent) were not evaluated. (Evaluations that were due on December 31st were not reported in the APR.) However, our test of the evaluation documentation for a random statistical sample of 224 DPSCS employees suggests that fewer employees may have received ratings than what was reported during the period ended June 30, 2016. Our testing found evaluation documentation for only 59 percent of the employees tested. If this condition is not just missing documentation, but a failure to conduct an evaluation, then from this statistical sample, we are 95 percent confident[7] that evaluation documentation would be missing for at least 35 percent of DPSCS employees for the period ending June 30, 2016.

- According to the 2016 APR, MDH completed mid-year or end-of-cycle performance evaluations for 6,724 of its 7,967 regular employees (84 percent), indicating that the remaining 1,243 employees (16 percent)

[7] Probability sampling was performed based on 90 percent confidence, an expected error occurrence rate of 30 percent based on pre-testing, and precision of 5 percent. Another way of expressing the results, beyond the one-sided projection in the body of the finding, is that based on the results of our sample, we are 90 percent confident that evaluation documentation would be missing for between 35.7 percent and 46.4 percent of the DPSCS employees subject to this requirement.

were not evaluated. This result was generally confirmed by our random statistical sample of 224 MDH employees.

- According to the 2016 APR, MDOT completed annual performance evaluations for 5,091 of its 5,868 regular employees (87 percent), indicating that the remaining 777 employees (13 percent) were not evaluated. Our test of the evaluation documentation for a random statistical sample of 70 MDOT employees suggests, however, that more employees may have received evaluations during calendar year 2015 than what was reported. Our testing found evaluation documentation for 97 percent of the employees tested, which means we are 95 percent confident[8] that that no more than 6 percent of evaluations would be missing for the period ending December 31, 2015.

  Our test results also suggest that many completed evaluations may not have been recorded in the HRIS, which should have been used to compile MDOT's data for the APR. However, we could not confirm this because, similar to Finding 2 regarding APR data for agencies using SPS, MDOT did not maintain documentation to support the evaluation numbers it reported to OPSB. That is, a file listing all 5,091 employees who reportedly received evaluations was not available. MDOT prepares annual performance evaluations on a calendar year basis that are reported in the subsequent fiscal year's APR by DBM. Therefore, the fiscal year 2016 APR reflects MDOT employee evaluations from calendar year 2015.

Evaluation Data Recordation Controls

Our reviews of the processes used by the five agencies for recording evaluation data into the applicable personnel system disclosed that none of the agencies established effective input controls to ensure all completed evaluations had been accounted for and accurately recorded.

We noted that, for the four agencies using SPS, paper evaluations received by the human resource offices for processing were not batched and verifications were not performed to ensure that all such evaluations, and the data thereon, were properly recorded. Furthermore, the various MDOT business units, which were responsible for recording evaluations in HRIS, also did not establish effective document control and verification procedures. Four of the five MDOT business units had not established such procedures whereas the other administration represented that verifications were performed but supporting documentation was not maintained.

[8] Probability sampling was performed based on 90 percent confidence, an expected error occurrence rate of 7 percent based on pre-testing, and precision of 5 percent, and we used a one-sided projection to present our results at 95 percent confidence.

Consequently, the lack of proper controls could impair the ability of the agencies to effectively monitor compliance with the requirements established by law and policy.

State Personnel and Pensions Article Title 7, Subtitle 5, of the Annotated Code of Maryland requires each appointing authority for agencies within the State Personnel Management System to ensure that each employee is evaluated at six-month intervals. Further, Code of Maryland Regulations state that MDOT employees shall receive a written appraisal at least annually. Effective monitoring of evaluation data, which has been subject to effective recordation controls is necessary to ensure compliance with the statute and regulations.

**Recommendation 6**
**We recommend that**

a. **DPSCS, MDH, and MDOT establish procedures, such as routine monitoring of personnel system data, to ensure employee performance evaluations are completed as required by statute or regulation;**
b. **all five agencies establish processing controls to ensure all completed evaluations had been accounted for and accurately recorded in the applicable personnel system; and**
c. **MDOT maintain documentation to support evaluation data reported annually to OPSB.**

**Finding 7**
**None of the five agencies reviewed had effectively monitored the content of performance evaluations given to employees for compliance with legal requirements or policy.**

**Analysis**
None of the five agencies reviewed had effectively monitored the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy. Specifically, numerous performance evaluations tested that were given to employees were not fully completed as required. In some cases, position descriptions with measurable performance standards were also not maintained.

State law pertaining to employees under the State Personnel Management System (SPMS) requires that performance evaluations include specific tasks to be achieved during the next rating period, and employee position descriptions must have measurable performance standards. In addition, MDOT human resources policy requires that each employee receive a development plan or an improvement plan as part of the evaluation. Finally,

this MDOT policy and the related supervisor's booklet require that evaluations include performance ratings for general factors, job specific factors, and leadership factors, which are to be initially documented on what is known as a criteria assessment sheet (see further details below).

Agencies in SPMS

For the four agencies in SPMS, our tests determined that evaluations for 114 of the 189 employees (60 percent), with end-of-cycle evaluations for the period ended June 30, 2016, lacked specific tasks to be achieved during the next rating period as required. In addition, for 96 of the 166 employees (58 percent) with end-of-cycle evaluations for the period ended June 30, 2015, the evaluations lacked specific tasks to be achieved, including 67 employees with this omission in both years. Consequently, there was a lack of assurance that these employees were notified of expectations for the upcoming rating period, which could help elevate employee performance. Our results are detailed in Table 3 on the next page.

Furthermore, as shown in Table 4 on page 41, our tests determined that position descriptions with measurable performance standards had not been established for 55 of 521 employees (11 percent) selected from the four agencies for the period ended June 30, 2016. Without these standards, the position expectations may not be conveyed before the rating period and available to evaluate employees objectively at the end of that period. Our results are detailed in Table 3.

Table 3
OLA Test Results
Agency End-of-Cycle Evaluations With or Without Specific Tasks to be Achieved
June 2015 and 2016 Rating Periods

| Agency | June 2015 Rating Period | | | | June 2016 Rating Period | | | | Both Periods |
|---|---|---|---|---|---|---|---|---|---|
| | Specific Tasks Included | **Specific Tasks Not Included** | Total Tested End Cycle PEPs | **Percent Without Tasks** | Specific Tasks Included | **Specific Tasks Not Included** | Total Tested End Cycle PEPs | **Percent Without Tasks** | Specific Tasks Not Included |
| **DPSCS** | 26 | **34** | 60 | **57%** | 23 | **46** | 69 | **67%** | 25 |
| **MDH** | 34 | **45** | 79 | **57%** | 37 | **50** | 87 | **57%** | 30 |
| **DHS** | 4 | **11** | 15 | **73%** | 10 | **12** | 22 | **55%** | 6 |
| **DNR** | 6 | **6** | 12 | **50%** | 5 | **6** | 11 | **55%** | 6 |
| **Totals** | **70** | **96** | **166** | **58%** | **75** | **114** | **189** | **60%** | **67** |

| Table 4<br>OLA Test Results<br>Number of Agency Evaluations Tested With or Without Measurable Performance Standards<br>Included for the Applicable Employee's Position Description<br>June 2015 and 2016 Rating Periods | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 2015 Rating Period | | | June 2016 Rating Period | | | Both Periods | | |
| Agency | Performance Standards Included | **Performance Standards Not Included** | Total Tested | Performance Standards Included | **Performance Standards Not Included** | Total Tested | Performance Standards Included | **Performance Standards Not Included** | Total Tested |
| **DPSCS** | 205 | **14** | **219** | 209 | **15** | 224 | 205 | **14** | **219** |
| **MDH** | 177 | **27** | **204** | 192 | **32** | 224 | 174 | **27** | **201** |
| **DHS** | 38 | **3** | **41** | 39 | **3** | 42 | 38 | **3** | **41** |
| **DNR** | 27 | **4** | **31** | 26 | **5** | 31 | 26 | **4** | **30** |
| **Totals** | 447 | **48** | **495** | 466 | **55** | 521 | **443** | **48** | **491** |

MDOT

Our test determined that for 35 of the 70 MDOT employees (50 percent) the annual appraisals for the year ended December 31, 2015 did not include an employee development plan as required. Although the overall performance of all 35 employees either met standards or were rated higher, there was no evidence that the rater and the employee had formulated a written plan to help in the growth of the employee, as required by MDOT policy.

In addition, for 34 employees (49 percent) tested, MDOT had not ensured that criteria assessment sheets were completed and included in the appraisal documentation for the period ended December 31, 2015. For example, the criteria assessment sheet is used to assess performance for 27 attributes comprising seven of the eight rating categories (for example, job knowledge, job quality) on the evaluation form. Consequently, assurance was lacking that all attributes were appropriately considered for the rating, which could affect the integrity of evaluation results.

Similar results regarding the lack of a development plan and/or criteria assessment sheets were noted for the appraisals of 32 of the 64 MDOT employees tested for the period ended December 31, 2014.

Recommendation 7
We recommend that

a. the five agencies develop procedures to monitor the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy,
b. the four agencies in SPMS ensure that measurable and objective performance standards have been established for each position description, and
c. MDOT ensure that development plans and criteria assessment sheets are prepared for each evaluation and support the evaluation rating.

Finding 8
None of the five agencies reviewed had established a documented process to sufficiently track and monitor each of their supervisors to ensure they had received performance appraisal training.

Analysis
None of the five agencies reviewed had established a documented process to sufficiently track and monitor each of their supervisors to ensure they had received performance appraisal training. Specifically, we were advised by human resources management employees from three of the four agencies in the SPMS that no procedure had been established to ensure that all agency supervisors received required performance appraisal training from OPSB, from an in-house training program, or online through DBM's Learning Management System. State Personnel and Pensions Article Title 7, Subtitle 5, of the Annotated Code of Maryland requires that each employee receive training in the methods and procedures required in the performance appraisal process. We were advised by the remaining agency (DHS) that it had established a process to track supervisor training, but at the time of our review, was unable to provide documentation that the training status of all supervisors was adequately monitored, as there was no evidence to support the training status of all supervisors (who either received or did not receive training).

We were advised by MDOT that each administration is responsible for training its supervisors on preparing and giving performance evaluations and such training is strongly recommended but not mandatory. In this regard, we were unable to locate any instruction from MDOT regarding the training

expectations for supervisors. Although most of the five MDOT business units had established such training programs, we were advised that training provided was not tracked by recipient.

As identified in Finding 7, many performance evaluations we reviewed were not complete as they lacked the required content. This condition may indicate that supervisors need to be better trained in the correct preparation of performance appraisals. The use of tracking systems would help ensure that such training was provided.

Recommendation 8
We recommend that

a. the agencies cited above establish a documented process to track and monitor whether each of their supervisors has received performance appraisal training and to ensure training requirements are met; and
b. MDOT formalize its training expectations and, in doing so, consider mandating such training for each supervisor.

# Exhibit 1



DBM Annual Personnel Report
Distribution of Employee Performance by Category by Principal Department
As of June 30, 2016

| | Department | Total Number of Employees [1] To be Rated [2] | Number of Employees Rated Outstanding | Number of Employees Rated Satisfactory | Number of Employees Rated Unsatisfactory | Total Number of Employees Rated | **Percent of Employees Rated[5]** |
|---|---|---|---|---|---|---|---|
| 1 | Aging [3] | 30 | 14 | 13 | 2 | 29 | **96.7%** |
| 2 | Agriculture | 325 | 157 | 147 | 3 | 307 | **94.5%** |
| 3 | Budget and Management | 280 | 81 | 192 | - | 273 | **97.5%** |
| 4 | Commerce | 187 | 76 | 83 | - | 159 | **85.0%** |
| 5 | Disabilities | 24 | 8 | 10 | - | 18 | **75.0%** |
| 6 | Education | 1,277 | 631 | 476 | 7 | 1,114 | **87.2%** |
| 7 | Environment | 809 | 341 | 425 | 1 | 767 | **94.8%** |
| 8 | General Services | 525 | 115 | 320 | 1 | 436 | **83.0%** |
| 9 | Health | 7,967 | 2,551 | 4,145 | 28 | 6,724 | **84.4%** |
| 10 | Housing and Community Development | 293 | 72 | 172 | 5 | 249 | **85.0%** |
| 11 | Human Services | 5,788 | 1,215 | 4,512 | 34 | 5,761 | **99.5%** |
| 12 | Information Technology | 142 | 37 | 103 | - | 140 | **98.6%** |
| 13 | Juvenile Services | 1,775 | 484 | 1,244 | 8 | 1,736 | **97.8%** |
| 14 | Labor, Licensing, and Regulation | 1,330 | 489 | 685 | 5 | 1,179 | **88.6%** |
| 15 | Natural Resources [4] | 1,214 | 516 | 432 | 1 | 1,172 | **96.5%** |

**Notes**

[1] Actual Employees not FTEs

[2] Does not include some contractual, permanent, and Executive Pay Plan employees who are rated using a different evaluation instrument.

[3] This data does not include the Senior Citizen Aides employees.

[4] Total Number of Employees Rated includes employees rated with alternate evaluations systems.

[5] **Percentages were not included in DBM report and were calculated by OLA.**

**Source:** OPSB Annual Personnel Report for period ending June 30, 2016

# Exhibit 1



DBM Annual Personnel Report
Distribution of Employee Performance by Category by Principal Department
As of June 30, 2016

| | Department | Total Number of Employees [1] To be Rated [2] | Number of Employees Rated Outstanding | Number of Employees Rated Satisfactory | Number of Employees Rated Unsatisfactory | Total Number of Employees Rated | **Percent of Employees Rated[5]** |
|---|---|---|---|---|---|---|---|
| 16 | Planning | 119 | 73 | 38 | - | 111 | **93.3%** |
| 17 | Public Safety and Correctional Services* | 9,566 | 1,642 | 3,841 | 35 | 6,569 | **68.7%** |
| 18 | State Police [4] | 2,193 | 422 | 246 | - | 2,056 | **93.8%** |
| 19 | Transportation [4] | 5,868 | - | - | - | 5,091 | **86.8%** |
| 20 | Veterans Affairs | 72 | 29 | 29 | 1 | 59 | **81.9%** |
| 21 | All Other Agencies | 5,487 | 1,514 | 2,520 | 15 | 4,049 | **73.8%** |
| | **Totals** | **45,271** | **10,467** | **19,633** | **146** | **37,999** | **83.9%** |

**Notes**

[1] Actual Employees not FTEs

[2] Does not include some contractual, permanent, and Executive Pay Plan employees who are rated using a different evaluation instrument.

[3] This data does not include the Senior Citizen Aides employees (refer to page 44).

[4] Total Number of Employees Rated includes employees rated with alternate evaluations systems.

[5] **Percentages were not included in DBM report and were calculated by OLA.**

*Additional PEP ratings submitted without rating category breakdown.

**Source:** OPSB Annual Personnel Report for period ending June 30, 2016

# Exhibit 2



Breakdown of "All Other Agencies" Requested by OLA
As of June 30, 2016

| | Department or Agency | Total Number of Employees [1] To be Rated [2] | Number of Employees Rated Outstanding | Number of Employees Rated Satisfactory | Number of Employees Rated Unsatisfactory | Total Number of Employees Rated | **Percent of Employees Rated[3]** |
|---|---|---|---|---|---|---|---|
| 1 | Administrative Hearings | 111 | 40 | 22 | - | 62 | **55.9%** |
| 2 | Archives | 61 | 38 | 22 | - | 60 | **98.4%** |
| 3 | Assessments and Taxation | 527 | 62 | 358 | 1 | 421 | **79.9%** |
| 4 | Attorney General | 623 | 229 | 192 | 1 | 422 | **67.7%** |
| 5 | Automobile Insurance Fund | - | - | - | - | - | **0.0%** |
| 6 | Board of Public Works | 8 | - | - | - | - | **0.0%** |
| 7 | Boards, Commissions and Offices | 85 | 48 | 10 | - | 58 | **68.2%** |
| 8 | Civil Rights | 25 | 9 | 15 | - | 24 | **96.0%** |
| 9 | College Savings Plans of Maryland | 13 | 2 | 8 | 1 | 11 | **84.6%** |
| 10 | Comptroller | 1,000 | 195 | 559 | 2 | 756 | **75.6%** |
| 11 | Contract Appeals | 2 | 2 | - | - | 2 | **100.0%** |
| 12 | Deaf and Hard of Hearing | 1 | - | - | - | - | **0.0%** |
| 13 | Elections | 189 | 61 | 78 | 1 | 140 | **74.1%** |
| 14 | Emergency Management Agency | 52 | 2 | 39 | - | 41 | **78.8%** |
| 15 | Emergency Medical Services Systems | 82 | 35 | 38 | 1 | 74 | **90.2%** |
| 16 | Energy Administration | 17 | 2 | - | - | 2 | **11.8%** |

**Notes**

[1] Actual Employees not FTEs

[2] Does not include some contractual, permanent, and Executive Pay Plan employees who are rated using a different evaluation instrument.

[3] **Percentages were not included in DBM report and were calculated by OLA.**

**Source:** OPSB

# Exhibit 2



| Breakdown of "All Other Agencies" Requested by OLA<br>As of June 30, 2016 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Department or Agency | Total Number of Employees [1] To be Rated [2] | Number of Employees Rated Outstanding | Number of Employees Rated Satisfactory | Number of Employees Rated Unsatisfactory | Total Number of Employees Rated | **Percent of Employees Rated[3]** |
| 17 | Executive Department | 78 | 6 | 4 | - | 10 | **12.8%** |
| 18 | Governor's Office for Children | 14 | - | 4 | 1 | 5 | **35.7%** |
| 19 | Health Insurance Plan | - | - | - | - | - | **0.0%** |
| 20 | Higher Education Commission | 42 | - | 19 | 1 | 20 | **47.6%** |
| 21 | Insurance Administration | 227 | 80 | 138 | - | 218 | **96.0%** |
| 22 | Interagency Committee on School Construction | 17 | 10 | 3 | - | 13 | **76.5%** |
| 23 | Lottery and Gaming Control Agency | 293 | 88 | 154 | 1 | 243 | **82.9%** |
| 24 | Military Department | 216 | 101 | 90 | - | 191 | **88.4%** |
| 25 | People's Counsel | 9 | 6 | 3 | - | 9 | **100.0%** |
| 26 | Property Tax Assessment Appeals Boards | 6 | 5 | 1 | - | 6 | **100.0%** |
| 27 | Public Defender | 847 | 318 | 205 | - | 523 | **61.7%** |
| 28 | Public Service Commission | 123 | 41 | 28 | 1 | 70 | **56.9%** |
| 29 | Public Broadcasting Commission | 134 | 10 | 114 | - | 124 | **92.5%** |
| 30 | School for the Deaf | 321 | 14 | 218 | 4 | 236 | **73.5%** |
| 31 | Secretary of State | 23 | - | - | - | - | **0.0%** |

**Notes**

[1] Actual Employees not FTEs

[2] Does not include some contractual, permanent, and Executive Pay Plan employees who are rated using a different evaluation instrument.

[3] **Percentages were not included in DBM report and were calculated by OLA.**

**Source:** OPSB

# Exhibit 2



Breakdown of "All Other Agencies" Requested by OLA
As of June 30, 2016

| | Department or Agency | Total Number of Employees [1] To be Rated [2] | Number of Employees Rated Outstanding | Number of Employees Rated Satisfactory | Number of Employees Rated Unsatisfactory | Total Number of Employees Rated | **Percent of Employees Rated[3]** |
|---|---|---|---|---|---|---|---|
| 32 | Stadium Authority | 74 | - | - | - | - | **0.0%** |
| 33 | State Prosecutor | 10 | 9 | 1 | - | 10 | **100.0%** |
| 34 | State Retirement Agency | 165 | 54 | 92 | - | 146 | **88.5%** |
| 35 | Subsequent Injury Fund | 9 | 4 | 5 | - | 9 | **100.0%** |
| 36 | Supplemental Retirement Plans | 12 | 6 | 6 | - | 12 | **100.0%** |
| 37 | Tax Court | 2 | 2 | - | - | 2 | **100.0%** |
| 38 | Treasurer | 42 | 17 | 21 | - | 38 | **90.5%** |
| 39 | Uninsured Employers' Fund | - | - | - | - | - | **0.0%** |
| 40 | Workers' Compensation Commission | 101 | 18 | 73 | - | 91 | **90.1%** |
| | **Totals** | **5,561*** | **1,514** | **2,520** | **15** | **4,049** | **72.6%** |

**Notes**

[1] Actual Employees not FTEs

[2] Does not include some contractual, permanent, and Executive Pay Plan employees who are rated using a different evaluation instrument.

[3] **Percentages were not included in DBM report and were calculated by OLA.**

*Total employees to be rated includes 74 additional employees not included in APR from agencies with independent personnel systems (such as Stadium Authority).

**Source:** OPSB

# Exhibit 3
## State of Maryland Performance Evaluation
## For Non-Supervisory Employees



This evaluation is intended to facilitate communication between supervisors and employees regarding expectations of job performance and to provide a mechanism for the evaluation of actual performance.

**Employee Name:** _____ **Beginning Date:** January _____

**Supervisor's Name:** _____ **Fiscal Year:** _____

**Employee Status:** ____ **Special Appointment** ____ **Management Service**
____ **Executive Service** ____ **Political Special Appointment**

Does the employee's Position Description (PD) accurately reflect the current, and anticipated, duties and responsibilities for the upcoming review period? (If no, modify the PD as required before beginning the review period.)

☐ Yes ☐ No - Date Modified: _____

**Ratings:**

| | | | |
|---|---|---|---|
| **3** | = | **Outstanding:** | Exceptional performance. Achievements are clearly superior to the level of performance required for the job. |
| **2** | = | **Satisfactory** | Met the required and expected results for the job. Good performance which is expected of a fully experienced or competent employee. |
| **1** | = | **Unsatisfactory:** | Performance is unacceptable and shows no significant progress or improvement. Improvement is critical. |

| | **Performance of Job Duties** (rate individual Position-Specific Performance Standards only if Overall Work Quality is Unsatisfactory) | **Mid Cycle Rating** | **End Cycle Rating** |
|---|---|---|---|
| 1 | **Overall Work Quality** | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |

| **Number of Position-Specific Performance Elements Rated:** | 0 | 0 |
|---|---|---|

# Exhibit 3
## State of Maryland Performance Evaluation
## For Non-Supervisory Employees



| | Behavioral Elements | Mid Cycle Rating | End Cycle Rating |
|---|---|---|---|
| **Work Ethic** | | | |
| 1 | Maintains good attendance (The use of FMLA-qualifing leave should not be considered) | | |
| 2 | Follows call-in/leave policies | | |
| 3 | Reports to work area on time and does not leave until designated time | | |
| **Team-Work** | | | |
| 4 | Works cooperatively with others to implement the Department's goals | | |
| **Communication** | | | |
| 5 | Speaks effectively | | |
| 6 | Writes effectively (clear, organized, appropriate grammar, punctuation) | | |
| 7 | Interacts positively with co-workers | | |
| **Customer Service** | | | |
| 8 | Strives to meet customer requirements | | |
| 9 | Is courteous to customers and co-workers | | |
| 10 | Provides timely, accurate and appropriate information to internal and external customers | | |
| 11 | Presents a professional image to customers in attire and maintenance of workspace | | |
| 12 | Keeps commitments and follows through on customer requests | | |
| **Initiatives** | | | |
| 13 | Solves problems without being asked | | |
| 14 | Works to continuously improve processes | | |
| 15 | Engages in opportunities for self-improvement | | |
| **Work Performance** | | | |
| 16 | Appropriately prioritizes work | | |
| 17 | Completes assignments accurately and on time | | |
| 18 | Maintains confidentiality | | |
| 19 | Exercises appropriate judgment | | |
| 20 | Follows directions | | |

| | | |
|---|---|---|
| **Number of Behavioral Elements Rated:** | **0** | **0** |
| **Total Number of Elements Rated:** | **0** | **0** |

# Exhibit 3
## State of Maryland Performance Evaluation
## For Non-Supervisory Employees



| | Mid Cycle Rating: | |
|---|---|---|
| Outstanding | Satisfactory | Unsatisfactory |
| | | |
| 3.00 - 2.75 | 2.74 - 1.75 | 1.74 - 1.00 |

**Tasks to be Achieved Before the End of Cycle Rating:**

**Training Recommendations:**

**Supervisor's Comments:**

**Employee's Comments:**

I understand that this is a: ___Special Appointment; ___ Management Service; ___Executive Service; ___Political Special Appointment position in which I serve at the pleasure of the appointing authority.

Employee Signature: _____ Date: _____

No personnel action shall be taken or refused as a reprisal against an employee who refuses to sign this evaluation. The supervisor shall note the refusal on the employee's signature line.

Supervisor Signature: _____ Date: _____

By my signature I attest that I understand and adhere to the Governor's Code of Fair Employment Practices, 01.01.2007.16.

Division Manager: _____ Date: _____

# Exhibit 3
## State of Maryland Performance Evaluation
## For Non-Supervisory Employees



| | End Cycle Rating: | |
|---|---|---|
| Outstanding | Satisfactory | Unsatisfactory |
| | | |
| 3.00 - 2.75 | 2.74 - 1.75 | 1.74 - 1.00 |

**Tasks to be Achieved Before the Next Mid-Cycle Rating:**

**Training Recommendations:**

**Supervisor's Comments:**

**Employee's Comments:**

I understand that this is a: ___Special Appointment; ___ Management Service; ___Executive Service; ___Political Special Appointment position in which I serve at the pleasure of the appointing authority.

Employee Signature: _____ Date: _____

No personnel action shall be taken or refused as a reprisal against an employee who refuses to sign this evaluation. The supervisor shall note the refusal on the employee's signature line.

Supervisor Signature _____ Date: _____

By my signature I attest that I understand and adhere to the Governor's Code of Fair Employment Practices, 01.01.2007.16.

Appointing Authority: _____ Date: _____

**(Revised 5/20/10)**

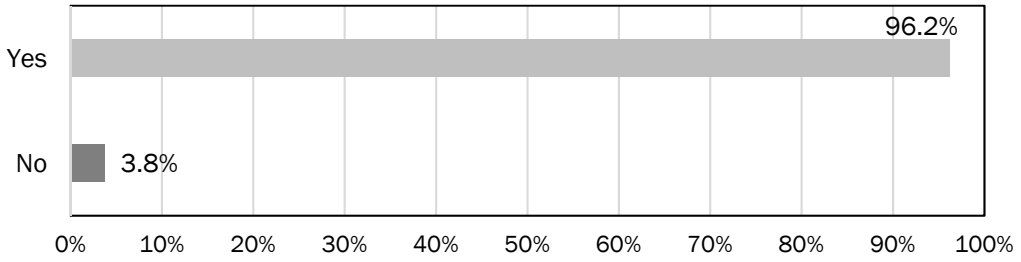
Source: DBM website

# Exhibit 4
## Employee Performance Evaluation Survey Results



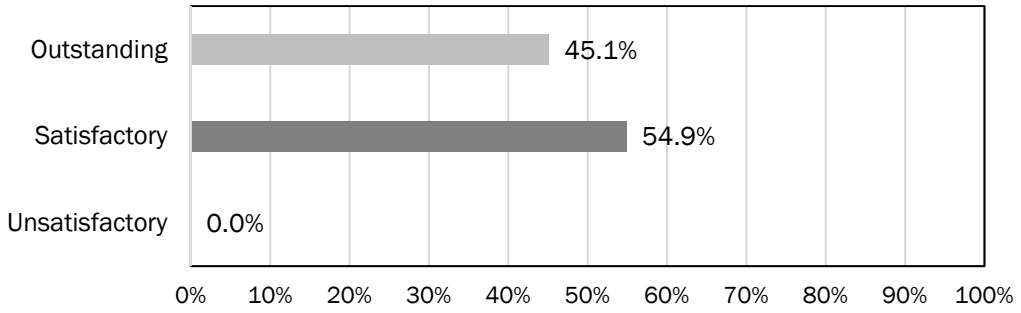
In August 2017, we conducted an online survey of 95 employees of the 131 employees from our Statewide statistical test (refer to footnote 2 on page 15). Responses were received from 53 employees. Below are the survey questions and summary of responses.

**1. Did you receive a written performance evaluation from your supervisor during the past year?**




| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes | 51 | 96.2% |
| No | 2 | 3.8% |
| Total | 53 | 100.0% |

**2. If you received a written performance evaluation, what was the "End Cycle Rating"?**

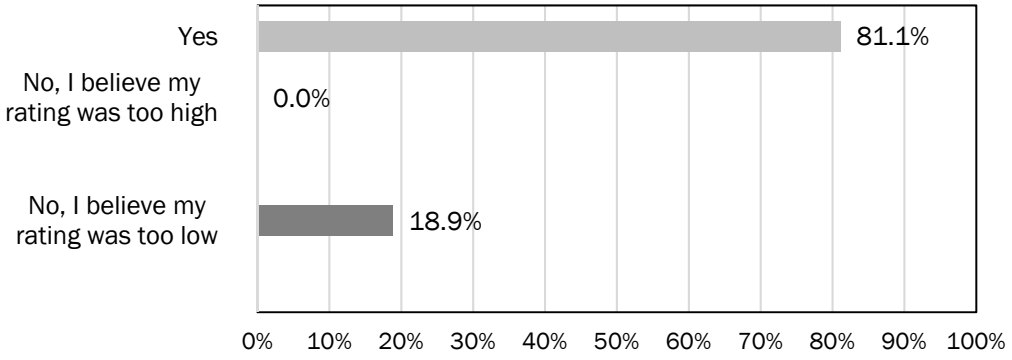



| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Outstanding | 23 | 45.1% |
| Satisfactory | 28 | 54.9% |
| Unsatisfactory | 0 | 0.0% |
| Total | 51 | 100.0% |
| *Skipped Question* | 2 | - |

# Exhibit 4
## Employee Performance Evaluation Survey Results

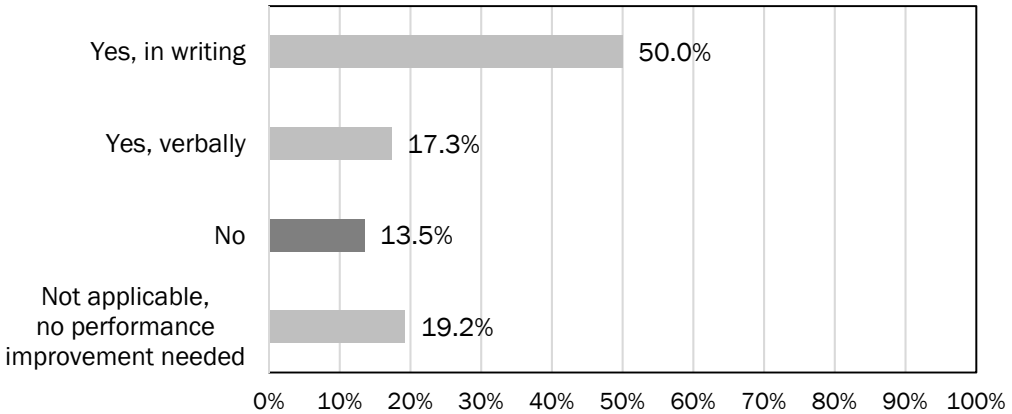


**3. Do you believe that the written evaluation fairly assessed your performance during the rating period?**




| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes | 43 | 81.1% |
| No, I believe my rating was too high | 0 | 0.0% |
| No, I believe my rating was too low | 10 | 18.9% |
| Total | 53 | 100.0% |

**4. For your last evaluation cycle, were 'Tasks to be Achieved before the Next Cycle Rating' identified?**

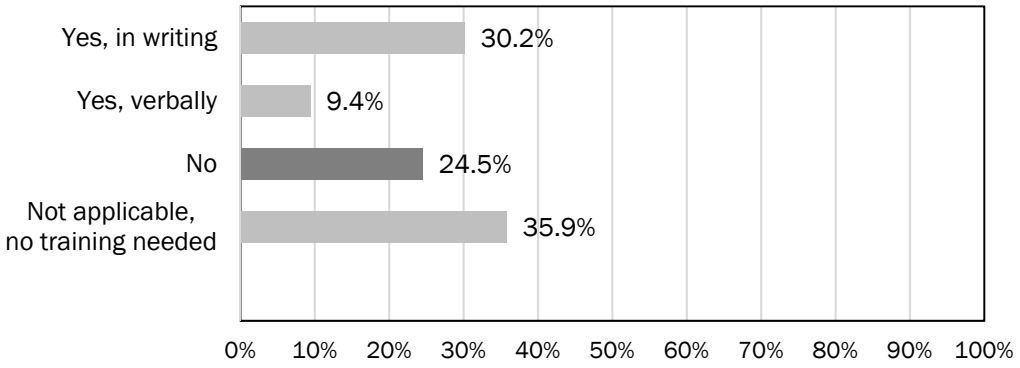


# Exhibit 4
## Employee Performance Evaluation Survey Results



| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes, in writing | 26 | 50.0% |
| Yes, verbally | 9 | 17.3% |
| No | 7 | 13.5% |
| Not applicable, no performance improvement needed | 10 | 19.2% |
| Total | 52 | 100.0% |
| *Skipped question* | *1* | - |

**5. For your last evaluation cycle, were you provided "Training Recommendations" or instructed on how you could improve where needed?**

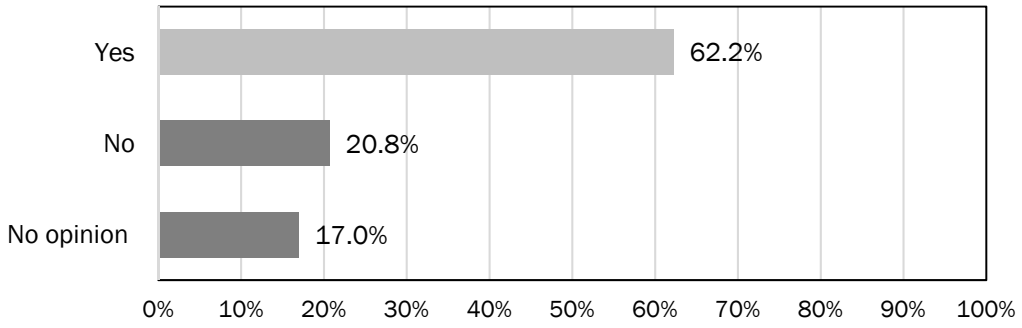



| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes, in writing | 16 | 30.2% |
| Yes, verbally | 5 | 9.4% |
| No | 13 | 24.5% |
| Not applicable, no training needed | 19 | 35.9% |
| Total | 53 | 100.0% |

# Exhibit 4
## Employee Performance Evaluation Survey Results



6. The stated purpose of the performance evaluation program is to facilitate communication between employees and supervisors regarding expectations and job performance. Do you believe that the program successfully accomplishes that purpose?



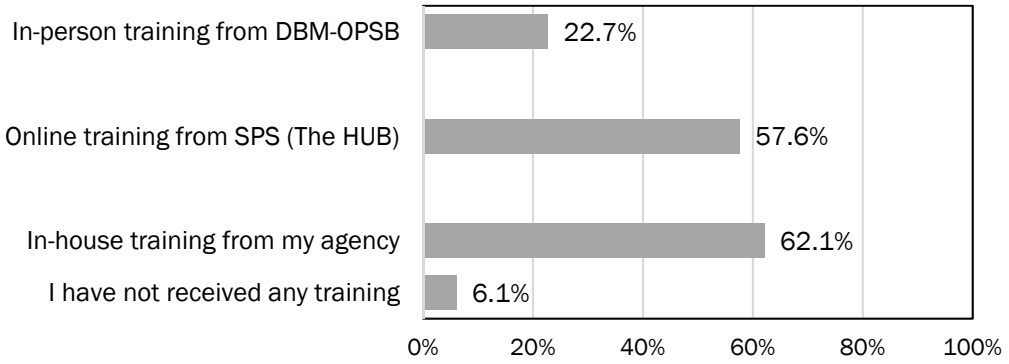

| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes | 33 | 62.2% |
| No | 11 | 20.8% |
| No opinion | 9 | 17.0% |
| Total | 53 | 100.0% |

# Exhibit 5
## Supervisor Performance Evaluation Survey Results



In August 2017, we conducted an online survey of 106 supervisors of the 131 employees from our Statewide statistical test (refer to footnote 2 on page 15). Responses were received from 66 supervisors. Below are the survey questions and summary of responses.

**1. Indicate all sources of training you received in the past on how to conduct employee evaluations. Check all that apply**

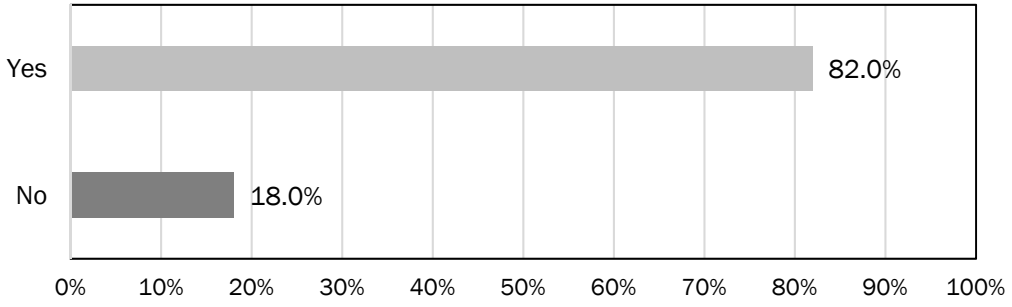



| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| In-person training from DBM-Office of Personnel Services and Benefits (OPSB) | 15 | 22.7% |
| Online training from the SPS training module (The HUB) | 38 | 57.6% |
| In-house training from my agency | 41 | 62.1% |
| I have not received any training | 4 | 6.1% |
| Total | 66 | - |

# Exhibit 5
## Supervisor Performance Evaluation Survey Results

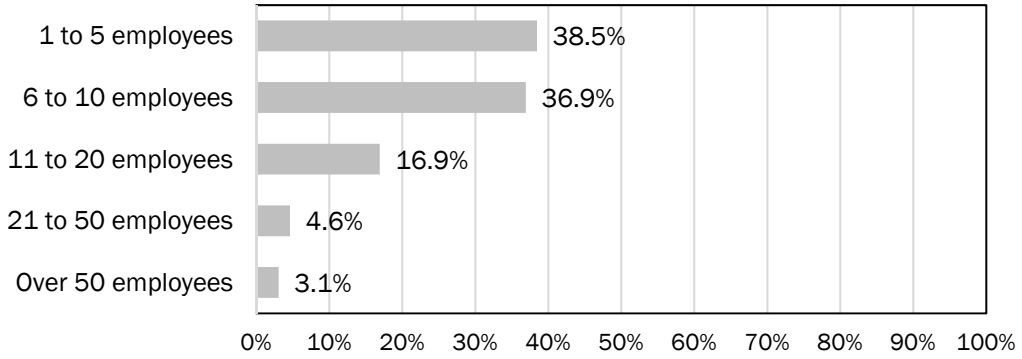


**2. If you received training, was it a useful tool to aid you in conducting evaluations with the employee(s) you supervise?**




| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes | 50 | 82.0% |
| No | 11 | 18.0% |
| Total | 61 | 100.0% |
| *Skipped question* | 5 | - |

**3. Please indicate the number of employees you directly supervise.**

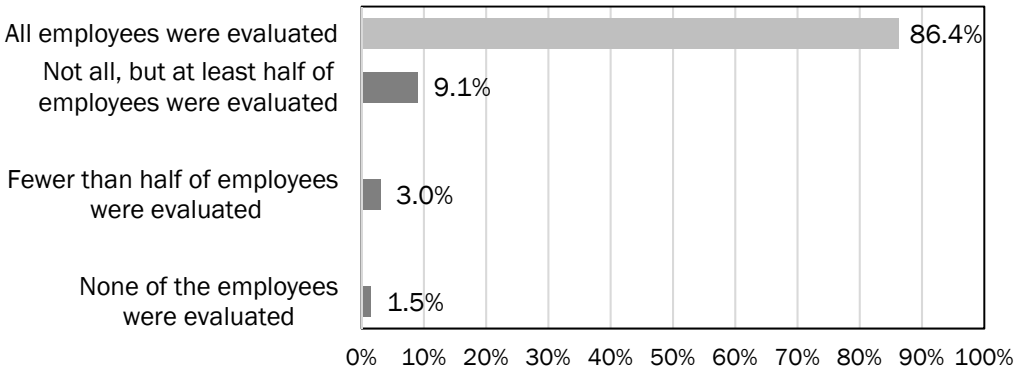


# Exhibit 5

## Supervisor Performance Evaluation Survey Results

| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| 1 to 5 employees | 25 | 38.5% |
| 6 to 10 employees | 24 | 36.9% |
| 11 to 20 employees | 11 | 16.9% |
| 21 to 50 employees | 3 | 4.6% |
| Over 50 employees | 2 | 3.1% |
| Total | 65 | 100.0% |
| *Skipped question* | *1* | - |

**4. Please indicate the extent to which you completed written evaluations for the employees you directly supervised during the last rating cycle.**

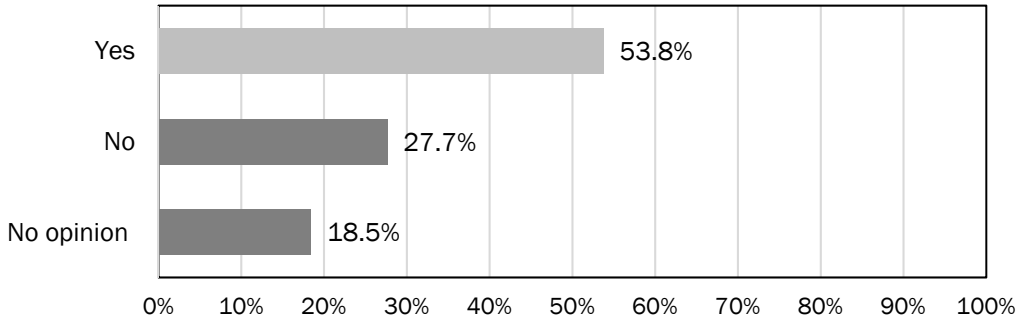



| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| All employees were evaluated | 57 | 86.4% |
| Not all, but at least half of employees were evaluated | 6 | 9.1% |
| Fewer than half of employees were evaluated | 2 | 3.0% |
| None of the employees were evaluated | 1 | 1.5% |
| Total | 66 | 100.0% |

# Exhibit 5
## Supervisor Performance Evaluation Survey Results



5. The stated purpose of the performance evaluation program is to facilitate communication between employees and supervisors regarding expectations and job performance. Do you believe that the program successfully accomplishes that purpose?

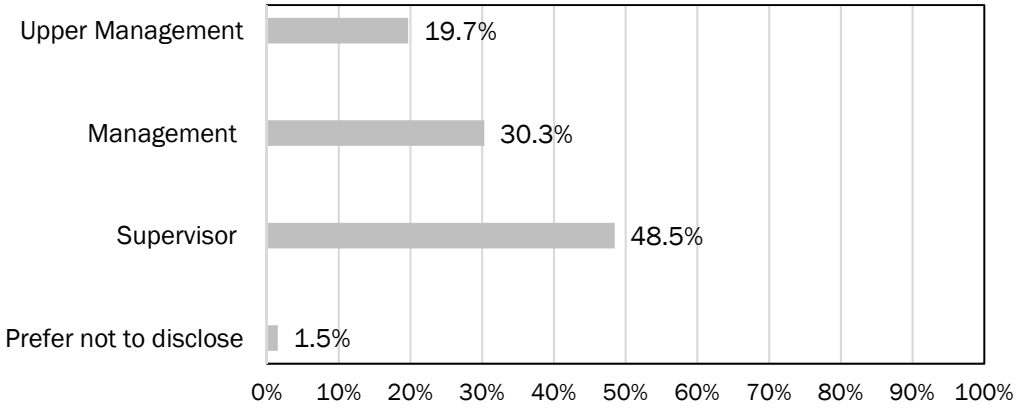



| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Yes | 35 | 53.8% |
| No | 18 | 27.7% |
| No opinion | 12 | 18.5% |
| Total | 65 | 100.0% |
| *Skipped question* | *1* | - |

# Exhibit 5
## Supervisor Performance Evaluation Survey Results



**6. To help us make better use of the results of this anonymous survey, please indicate the type of position you occupy at your agency.**




| Answer Choices | Number of Responses | Percent of Responses |
|---|---|---|
| Upper Management (such as agency heads, directors, administrators, and their deputies) | 13 | 19.7% |
| Management (office, division or unit managers, assistant managers, and chiefs) | 20 | 30.3% |
| Supervisor (various positions that supervise frontline workers) | 32 | 48.5% |
| Other (please indicate below) | 0 | 0.0% |
| Prefer not to disclose | 1 | 1.5% |
| Total | 66 | 100.0% |

**APPENDIX**

MARYLAND

**DEPARTMENT OF BUDGET & MANAGEMENT**

*LARRY HOGAN*
Governor

*BOYD K. RUTHERFORD*
Lieutenant Governor

*DAVID R. BRINKLEY*
Secretary

*MARC L. NICOLE*
Deputy Secretary

June 20, 2018

Mr. Thomas J. Barnickel III, CPA
Legislative Auditor
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Barnickel:

The Department of Budget and Management (DBM) has reviewed your draft performance audit report on the State Employee Performance Evaluation Program which is administered primarily by DBM - Office of Personnel Services and Benefits. As requested, our responses to the findings in the report are attached.

If you have any questions or need additional information, you may contact me at 410-260-7041 or Dick Ihrie, the Department's Compliance Auditor, at 410-260-6058.

Sincerely,

David R. Brinkley
Secretary

cc: Marc Nicole, Deputy Secretary, DBM
Brent Bolea, Principal Counsel
Cindy Kollner, Executive Director, OPSB
Catherine Hackman, Deputy Executive Director, OPSB
Joan Peacock, Manager, Audit Compliance Unit, DBM
Charles R. (Dick) Ihrie, Compliance Auditor, DBM

# Department of Budget and Management
# Office of Personnel Services and Benefits (OPSB)
# Response to Legislative Audits Findings and Recommendations
# Performance Audit on the State Employee Performance Evaluation Program

**Finding 1**
**Many employees had not received required evaluations during a five-year period and OPSB had not established a comprehensive strategy to improve agency compliance or ensure agencies monitored their efforts.**

**Recommendation 1**
We recommend that OPSB

a. develop comprehensive strategies for addressing agency non-compliance with employee performance evaluation requirements;
b. amend existing PEP Guidelines to specify that all applicable Executive Branch agencies use SPS to record evaluations and track evaluation activity, as well as to institute appropriate internal follow-up to improve evaluation completion performance; and
c. monitor SPS evaluation data to identify trends to target follow-up efforts.

**DBM OPSB Response 1:**

a. We agree that a comprehensive strategy is necessary to improve PEP completion rates. We have updated our schedule for sending reminders to agency HR Directors and Secretaries. Within 15 days prior to the due dates, we will examine completion rates and including that information with reminders to agencies. Agencies having a completion rate below 92% one month after the PEP due date will receive a letter from the DBM Secretary to the agency head requesting a detailed response including an action plan for completing the outstanding PEPs.

   Additionally, we have contacted DHS and plan to review their internal evaluation tracking procedures to assess their utility across all SPMS agencies. We will adopt or revise these procedures, as appropriate, and disseminate these best practices to all SPMS agencies, along with an announced strategy for dealing with non-compliance, with a specific emphasis on chronic non-compliant agencies.

b. Typically, we would not use instructional guidance, such as the OPSB PEP Guidelines as the communication tool for notifying agencies to record their PEP results in the SPS. This type of instruction usually occurs in meetings that OPSB has with SPMS agencies and through field memos sent periodically to all agencies on a variety of topics; however, we will update the PEP Guidelines to include a reminder to SPMS agencies of their obligation to record PEP evaluations in the SPS as soon as possible. We also will include instructions for pulling PEP reports from the SPS that agencies should be using to track their progress on completing PEPs.

   We note that agencies that fail to record PEP scores in the SPS within 4 months of the due date do not have the ability to enter these scores due to system limitations.

c. Through efforts noted above in the response to recommendation a, we will be monitoring the SPS evaluation data and will focus follow-up efforts in areas where needed.

**Finding 2**
**OPSB did not disclose certain information in the APR needed to better interpret and clarify the performance evaluation results. In addition, complete records supporting the APR were not maintained and controls were not established to ensure the accuracy of SPS data used to compile the APR.**

**Recommendation 2**
We recommend that OPSB

a. disclose the methodology used to prepare the APR and consider reporting evaluation data for an entire fiscal year;
b. obtain and report employee performance evaluation results for all Executive Branch agencies in the APR as required by law;
c. expand the number of agencies individually listed on the APR (for example, individually list principal agencies and other agencies with greater than 50 employees);
d. develop an automated capability to compile evaluation data for the preparation of the APR to eliminate the need for manual records, otherwise establish appropriate manual controls and recordkeeping to support APR data;
e. establish procedures to verify that agencies accurately recorded evaluations in SPS; and
f. require agencies to establish controls to ensure all evaluations given were properly and accurately recorded in SPS

**DBM OPSB Response 2:**

a. OPSB will update the language on the Annual Personnel Report to provide additional information on the methodology used to compile the data. In addition, OPSB will consider reporting evaluation data for an entire fiscal year and not for the six-month period ending on June 30.

   We will explore additional reporting capabilities in the SPS to determine if it is possible to develop an automated custom PEP report to capture more details at specific times and will document the controls we have in place for capturing the data.

b. Per advice from legal counsel, all independent Executive Branch agencies will be required to provide the specific data on their employee performance evaluations. Beginning with the 2018 APR, results for all Executive Branch agencies will be included as required by law. The independent agencies must report this information to OPSB since it is not included in the SPS and cannot be entered into the SPS.

c. DBM individually has reported PEP completion rates for each agency within the SPMS beginning with the Fiscal Year 2017 Annual Report, and intends to continue to do so.

d. OPSB currently is in the process of obtaining custom reports to compile evaluation for the APR; we estimate that these reports will be available in FY 2019.

e. Each agency HR office is responsible for ensuring the accuracy of the data entered into the SPS. OPSB has training available on the HUB and can provide each agency with best practices for managing the PEP process for their agency. We will require the Agency HR offices to perform independent reviews of a random sampling of PEPs to ensure accurate recordation. To ensure agencies are complying with this requirement, we will periodically review documentation of a sample of these agency self-reviews conducted. We also intend to develop a certification and require each agency Personnel Director to sign off to certify that, to the best of their knowledge and belief, the information submitted is accurate.

f. Effective no later than June 1, 2018, we will institute a requirement that agencies have to perform a random sampling of their PEP evaluations to ensure that the rating instruments exist and are recorded accurately in the SPS. As mentioned in response to recommendation 2e and to ensure agencies are complying with this requirement, we will periodically review documentation of a sample of these agency self-reviews conducted. OPSB will explore establishing data input controls.

**Finding 3**
**OPSB had not established a process to ensure performance evaluations were based on measurable standards and their content met legal requirements.**

**Recommendation 3**
We recommend that OPSB
a. establish procedures for reviewing completed evaluations and position descriptions, at least on a test basis, for sufficiency of content;
b. ensure the applicable agencies are notified of deficiencies and take appropriate corrective actions;
c. enhance and clarify the PEP Guidelines to require the establishment of measurable performance standards in position descriptions and to require that end-of-cycle evaluations include written specific tasks to be achieved by employees during the next rating period as required by State law; and
d. ensure consistency in its PEP Guidelines and MS-22 instructions.

**DBM OPSB Response 3:**

a. OPSB will issue best practices to agencies regarding the development of performance standards and the completion of the PEP forms. We also intend to develop a checklist for supervisors and agency HR offices to use when completing and reviewing their PEPs. As part of the review of a random sample (mentioned in response to Recommendation 2e), completed evaluations will be reviewed for related position descriptions to ensure they included measurable standards. As mentioned in response to recommendation 2e and to ensure agencies are complying with this requirement, we will periodically review documentation of a sample of these agency self-reviews conducted.

b. OPSB will remind agencies of the requirement to include observable, measurable, and objective performance standards for each essential job function listed on the MS-22 in accordance with the PEP Guidelines. We will review and update the PEP Guidelines against the instructions for completing the MS-22 and resolve the discrepancies that were noted in the Analysis.

c. Based on the analysis, it appears that the DLS is of the opinion that "specific tasks" to be achieved are required on each employee's end-cycle PEP. The Department respectfully disagrees. "Specific tasks" to be achieved by employees are of a non-routine nature, outside of the employee's day-to-day responsibilities; an example of this would be a special project assigned to an employee. Not all employees will have specific tasks of a non-routine nature assigned to them during a rating period, but when such tasks are assigned, it is appropriate to note this requirement on an employee's PEP.

   Advice from our AAG indicated that, per the law, specific written "tasks" should be included in the specified area on the PEP forms but only when related to the employee's performance of the overall objectives of the position. Thus, not all employees will have identified tasks to list on the PEP form. The AAG indicated that it was reasonable to require supervisors to state "None" when there are no identified specific tasks. Additionally, the AAG also agreed that the supervisor comments and training recommendations areas were the most appropriate place to include areas or actions that might be taken in which an employee could improve performance.

   We will review and update the PEP Guidelines as appropriate to provide additional guidance as to when "specific tasks" should be included. When there are no specific tasks, supervisors will be instructed to indicate this (i.e., write in "none" for tasks to be achieved before next rating). The PEP Guidelines will also be updated to note that supervisors should include comments on what an employee can do to improve his or her rating under training recommendations and supervisor's comments.

d. As PEP Guidelines are updated, OPBS will ensure consistency in its PEP Guidelines and MS-22 instructions

**Finding 4**
**OPSB did not clearly set the expectations for required mandatory PEP-related training for supervisory and managerial employees, require the maintenance of agency-based training records, or monitor agency training efforts.**

**Recommendation 4**
We recommend that OPSB ensure compliance with State law requiring it to provide PEP training to agency supervisors. Specifically, OPSB should

a. clearly communicate its training expectations to state agencies, including the need to ensure all supervisors and managers are properly trained;
b. require state agencies to maintain detail PEP records to track PEP training provided to each supervisor and manager to substantiate the requirements of State law have been met; and
c. monitor state agency PEP training efforts, including employee attendance/participation by requiring periodic reports on training activities.

**DBM OPSB Response 4:**

a. The analysis indicate that OPSB did not communicate its expectation that agency employees who attended OPSB's in-person PEP training courses would be responsible for training all supervisory personnel at their agencies. We respectfully disagree that we did not communicate this expectation since the subject of the training indicated that it was "train-the-trainer" PEP training; however, we do agree that for a variety of reasons known only to the individual agencies, in many cases the training was not delivered.

   Since 2014, we have offered on-line PEP training directly to all SPMS supervisors and managers via The Hub, the State's online learning management system. This training includes a "learning check" component, which gives the learner an opportunity to gauge how well (s)he is grasping the material.
   OPSB will send out periodic reminders to all agencies that training is mandatory for supervisors and managers who are responsible for preparing performance evaluations.

b. For those agencies performing in-person PEP training, we will issue reminders of the importance of tracking completion of the training. Agencies that provide in-house training will be required to maintain records of those that received the training. We have the ability to pull reports on training completion for those supervisors/managers who are taking PEP training online via The Hub.

c. We will ask agencies to provide periodic reports on their training activities.

**Finding 5**
**OPSB had not developed approaches to formally evaluate the effectiveness of the PEP as well as training courses for managers and supervisors.**

**Recommendation 5**
We recommend that OPSB
a. develop approaches, such as employee surveys, for evaluating the effectiveness of the PEP and the OPSB training; and
b. reassess the appropriateness of PEP Guidelines pertaining to evaluating employee work quality for those rated satisfactory or better.

**DBM OPSB Response 5:**

a. The fact that some employees (ranging between 21 to 28%) believe that the PEP is not an effective tool for evaluating performance is not, in and of itself, evidence of ineffectiveness; however, we agree that enhancements to our guidance and training materials would be useful and we agree to make those adjustments. OPSB will explore approaches, such as employee surveys, to determine the best method to evaluate the effectiveness of the PEP and the OPSB training.

b. OLA suggests that OPSB should reconsider the guidance on rating employee work quality, which OLA believes compromises the effectiveness of the PEP process; specifically, the guidance that a supervisor need not formally rate employee performance for each essential job function if the overall work quality is rated satisfactory or better. In other words, a supervisor may give an overall rating of Satisfactory or Outstanding for all of the rated essential job functions, and is required to individually rate these elements only if an element is unsatisfactory.

   OPSB understands the concern that OLA is raising; however, this suggestion came out of discussions with members of the General Assembly, and put forth as a way to try to streamline the process and increase PEP completion rates. This suggestion was taken up by the PEP Task Force (a joint labor/management effort) and was adopted as a practice. In addition, this 'streamlined' process developed from collective bargaining discussions. Any changes to this process would have to be brought up and discussed (and agreed upon) through additional collective bargaining discussions.

# Department of Public Safety and Correctional Services

**Office of the Secretary • Human Resources Services Division**
6776 REISTERSTOWN ROAD • SUITE 309 • BALTIMORE, MARYLAND 21215-2341
(410) 585-3408 • FAX (410) 764-4348 • V/TTY (800) 735-2258 • www.dpscs.state.md.us



STATE OF MARYLAND

LARRY HOGAN
GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

STEPHEN T. MOYER
SECRETARY

WILLIAM G. STEWART
DEPUTY SECRETARY

J. MICHAEL ZEIGLER
DEPUTY SECRETARY

GREGORY A. MARSHALL
EXECUTIVE DIRECTOR

SANDRA E. REGLER
DEPUTY DIRECTOR

TARA NELSON
DEPUTY DIRECTOR


June 4, 2018

Mr. Thomas J. Barnickel III, CPA
Department of Legislative Services
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201

Dear Mr. Barnickel:

The Department of Public Safety and Correctional Services (DPSCS) has reviewed the Draft Audit Report dated May 2018 for the Department of Budget and Management's Oversight of the State Employee Performance Evaluation Program (PEP). The Department appreciates the constructive findings and recommendations that were made as the result of this audit.

Please find attached the Department's itemized responses to the Draft Audit Report as submitted by Gregory A. Marshall, Executive Director of the Human Resources Services Division. Mr. Marshall and his management team have begun, and will continue to implement the necessary corrective action to address the audit findings and recommendations, and will closely monitor their status in order to prevent any repeat audit findings in the next audit.

The Office of the Inspector General will also conduct periodic follow up reviews to monitor the status of compliance.

If you have any questions regarding the Department's response, please contact me.

Sincerely,

Stephen T. Moyer
Secretary

Cc: Walter Landon, Deputy Chief of Staff

STATE OF MARYLAND

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# Department of Public Safety and Correctional Services

**Office of the Secretary • Human Resources Services Division**
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(410) 585-3408 • FAX (410) 764-4348 • V/TTY (800) 735-2258 • www.dpscs.state.md.us

June 4, 2018

The Honorable Stephen T. Moyer
Secretary
Department of Public Safety and Correctional Services
300 East Joppa Road, Suite 1000
Towson, Maryland 21286-3020

Via

Mr. William G. Stewart
Deputy Secretary for Administration
Department of Public Safety and Correctional Services
300 East Joppa Road, Suite 1000
Towson, Maryland 21286-3020

Dear Secretary Moyer:

Attached please find our itemized responses to the May 2018 Draft Legislative Audit Report of certain aspects of the State Employee Performance Evaluation Program (PEP). Corrective action has been or will be taken for all the relevant findings noted by the Legislative Auditor as delineated below:

**Finding 6**

**DPSCS did not use available personnel system records to monitor completion of performance evaluations and had many employees who were not evaluated. DPSCS had not established controls over the recording of evaluation data in the personnel systems.**

**Recommendation 6**

**We recommend that DPSCS:**
**a. establish procedures, such as routine monitoring of personnel system data, to ensure employee performance evaluations are completed as required by statute or regulation: and**
**b. establish processing controls to ensure all completed evaluations had been accounted for and accurately recorded in the applicable personnel system.**

**We agree.**

a. and b.

Mr. Gregory A. Marshall became the Executive Director of the Human Resources Services Division (HRSD) in the Spring of 2017. Upon being appointed, Mr. Marshall directed a review of the PEP process, which falls under HRSD. As a result of this review, Mr. Marshall has implemented or will implement the following process enhancements:

1. DPSCS established procedures for routine monitoring of personnel system data that ensures employee performance evaluations are completed as required by statute or regulation. These procedures are carried out by the HRSD, Human Resources Information Unit.

2. During each PEP cycle, a Department-wide announcement is distributed to all managers responsible for PEP completion. The announcement provides due dates for completions and advises that the Department of Budget and Management (DBM) requires all PEP data be entered into Workday (personnel record system) by a certain date. HRSD is responsible for entering the PEP data.

3. During the PEP cycle, HRSD monitors the progress. Updates are provided to Appointing Authorities that detail their completion rate. Status spreadsheets are attached to email messages, which identify institutions, and Departmental agencies/units that have outstanding PEPs due.

4. Appointing Authorities are being instructed to forward all finalized PEPs to the appropriate Human Resources regional office supporting their organizations, where they are accurately recorded into Workday. By 7/15/18, HRSD will begin performing spot check verifications to ensure that the PEP data is properly recorded in the Workday personnel system. The spot checks will be conducted by a designated HRSD Supervisor and based on a random sampling methodology. Additionally, the spot checks will be documented (including who did the reviews, dates of reviews, and findings) and retained for future audit purposes.

It should be noted that DBM monitors DPSCS progress and reports out completion rates to the Secretary. To that end, in FY 17, the PEP completion percentage improved to 92.49%, and through December 2017, the percentage completion increased to 93.46%.

**Finding 7**

**DPSCS had not effectively monitored the content of performance evaluations given to employees for compliance with legal requirements or policy.**

**Recommendation 7**

**We recommend that DPSCS:**
**a. develop procedures to monitor the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy; and,**
**b. ensure that position descriptions with measurable and objective performance standards have been established for each position description.**

**We agree.**

a. As identified in Finding 7, many performance evaluations reviewed were not completed as they lacked the required content. This condition suggests that supervisors need to be better trained in the correct preparation of performance appraisals. The use of tracking systems would help ensure that such training was provided.

The Appointing Authorities of the various Departmental agencies are the subject matter-experts for their agencies. They are in the best positon to monitor the content of end-of-cycle or annual performance evaluations for compliance with legal requirements or policy. Effective immediately and ongoing, HRSD will work closely with Appointing Authorities in this regard.

Effective immediately, DPSCS will also collaborate with DBM to provide ongoing on-line PEP training to Appointing Authorities and other managers to ensure that content within end-of-cycle or annual performance evaluations given to employees are compliant with legal requirements or policy.

Further, HRSD will conduct "spot checks" to ensure that the content of end-of-cycle or annual evaluations are in compliance with legal requirements or policy. Specifically, by 7/15/18, the HRSD Operational Support Unit Supervisor within each of the five (5) DPSCS regions will conduct random sampling spot checks (quality control reviews) of PEPs from the correctional institutions they support. These spot checks will be documented to capture the random sampling methodology used, the HRSD Operational Support Unit Supervisor doing the reviews, the dates of the reviews, and what his/her findings were. This documentation will be retained for future audit purposes.

b. Appointing Authorities are in the best position to determine if job descriptions are measurable and whether appropriate and objective performance standards have been

established for each position description. For this reason, Appointing Authorities are already required to review and approve each one of their employee's Position Descriptions (Form MS-22).

Effective immediately, DPSCS will collaborate with DBM to provide ongoing on-line PEP training to Appointing Authorities and other managers to ensure that position descriptions with measurable and objective performance standards have been established for each position.

By 12/15/18, HRSD Supervisors will conduct spot checks to ensure that position descriptions with measurable and objective performance standards have been established for each position. The spot checks will be based on a random sampling methodology, and will be documented, including who did the reviews, dates of reviews, and findings. The documentation will be retained for future audit purposes.

**Finding 8**

**DPSCS had not established a documented process to sufficiently track whether each of their supervisors had received performance appraisal training.**

**Recommendation 8**

**We recommend that DPSCS establish procedures to track whether each of their supervisors has received performance appraisal training and to ensure training requirements are met.**

**We agree.**

State Personnel and Pensions Article, Title 7, Subtitle 5 of the Annotated Code of Maryland, requires DBM to provide mandatory training to each agency's supervisors on the methods and procedures required in the performance evaluation process.

Ms. Leslie Buchman, Director, Shared Services Division, Office of Personnel Services and Benefits, Department of Budget and Management, 301 W. Preston St., Suite 507, Baltimore, Maryland 21201, confirmed that DBM administers mandatory and ongoing PEP computer-based training for supervisors and managers.

PEP, Performance, Planning and Evaluation, Module 1 is a DBM training module that is made available for educational purposes and provides an overview of the concepts relevant to the Performance Planning and Evaluation Program (PEP) within the State Personnel Management System. DBM provides a report that tracks which agency supervisors have or have not received performance appraisal training to ensure training requirements are met.

To further ensure training requirements are met, DPSCS intends to make PEP training a part of the annual in-service training experience at the Maryland Correctional Training Commission (MPCTC). To that end, HRSD has been in discussions with MPCTC to establish a tracking mechanism for the training that would include all the CO supervisor classifications, as well as Security Chiefs, Facility Administrators, Wardens, and Assistant Wardens. We anticipate this new training and tracking process being implemented by 7/1/19.

DPSCS is also exploring a means to have the Division of Parole and Probation (DPP) incorporate the PEP instructions into their in-service training program, and to enable training staff to track attendance for DPP Field Supervisors I, II, and any other employee who supervises subordinates. We anticipate this new training and tracking process being implemented by 7/1/19.

I hope you find this information beneficial.

Respectfully,

Gregory A. Marshall, Executive Director
Human Resources Services Division

cc: William G. Stewart, Deputy Secretary for Administration
Rachel Sessa, Director of Government & Legislative Affairs
Joseph M. Perry, Inspector General
Sandra E. Regler, HR Deputy Director for Operations
Tara Nelson, HR Deputy Director for Operations
William Shields, HR Administrator, Regional Operational Support Units

MARYLAND
Department of Health
Larry Hogan, Governor · Boyd Rutherford, Lt. Governor · Dennis Schrader, Secretary

June 6, 2018

Mr. Thomas J. Barnickel III, CPA
Legislative Auditor
Office of Legislative Audits
301 W. Preston Street
Baltimore, MD 21201

Dear Mr. Barnickel,

Thank you for your letter regarding the draft audit report on the State Employee Performance Evaluation Program, dated May 21, 2018. Enclosed is the Department's response and plan of correction that addresses each audit recommendation. I will work with the Chief Operating Officer and the Director of Human Resources to promptly address all audit exceptions. In addition, the Office of the Inspector General will follow-up on the recommendations and responses to ensure compliance.

If you have any questions or require additional information, please do not hesitate to contact me at 410-767-4639 or Frederick D. Doggett, Inspector General, at 410-767-0885.

Sincerely,

Robert R. Neall
Secretary

Enclosure

cc: Dennis R. Schrader, Chief Operating Officer, MDH
Jennifer McMahan, Director, Office of Human Resources, MDH

# Maryland Department of Health
# State Employee Performance Evaluation Program
# Audit Responses

## Findings and Recommendations

**Finding 6**
**Certain agencies that were not using available personnel system records to monitor completion of performance evaluations had many employees who were not evaluated. None of the five agencies reviewed had established controls over the recording of evaluation data in the personnel systems.**

**Recommendation 6**
**We recommend that**

**a. DPSCS, MDH, and MDOT establish procedures, such as routine monitoring of personnel system data, to ensure employee performance evaluations are completed as required by statute or regulation;**
**b. all five agencies establish processing controls to ensure all completed evaluations had been accounted for and accurately recorded in the applicable personnel system; and**
**c. MDOT maintain documentation to support evaluation data reported annually to OPSB.**

**<u>MDH's Response</u>**

a. MDH concurs with the finding and recommendation. Beginning with the July 2018 PEP cycle, MDH will begin using the "Next PEP Due" report contained in SPS to track PEP completion by unit/division. MDH will contact managers and/or HR liaisons in those units that are significantly deficient to remind them of their responsibilities and offer training assistance, if needed. MDH will continue this monitoring for future PEP cycles.
b. MDH concurs with the finding and recommendation. Beginning with the July 2018 PEP cycle, MDH will develop a process that will account for paper evaluations received. MDH will also conduct a random sample of PEP entries to ensure that the PEP score entered in SPS coincides with the score given for the PEP cycle. The verification will not be conducted by the same person who enters the scores.
c. This recommendation does not apply to MDH.

**Finding 7**
**None of the five agencies reviewed had effectively monitored the content of performance evaluations given to employees for compliance with legal requirements or policy.**

**Recommendation 7**
**We recommend that**

**a. the five agencies develop procedures to monitor the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy,**
**b. the four agencies in SPMS ensure that measurable and objective performance standards have been established for each position description, and**
**c. MDOT ensure that development plans and criteria assessment sheets are prepared for each evaluation and support the evaluation rating.**

**MDH's Response**

a. MDH concurs with the finding and recommendation. In May 2018 MDH communicated with its Human Resource Offices and Program Managers regarding the sections of the PEP that must be completed. Beginning with the January 1, 2019 PEP rating deadline, MDH will update training programs to include the sections that must be completed. Also, beginning with the July 2018 PEP cycle MDH will review, on a sample basis, PEP for compliance with legal requirements or policy.
b. MDH concurs with the recommendation. Beginning July 2018, MDH Recruitment and Selection Unit will review each Employee's Position Description submitted when the hiring manager begins the process to post and recruit for a vacant position. On average, MDH hires more than 800 employees per year. This represents approximately 10% of MDH's overall workforce.
c. This recommendation does not apply to MDH.

**Finding 8**
**None of the five agencies reviewed had established a documented process to sufficiently track and monitor each of their supervisors to ensure they had received performance appraisal training.**

**Recommendation 8**
**We recommend that**

**a. the agencies cited above establish a documented process to track and monitor whether each of their supervisors has received performance appraisal training and to ensure training requirements are met; and**
**b. MDOT formalize its training expectations and, in doing so, consider mandating such training for each supervisor.**

**MDH's Response**

a. MDH concurs with the finding and recommendation. In preparation for the January 1, 2019 PEP due date, MDH will use training completion reports contained in the SPS to identify those supervisors/managers who have not completed the required PEP training. MDH will also identify an accessible communication tool by which we can notify supervisors/managers or their managers when training has not been completed.
b. This recommendation does not apply to MDH.

June 14, 2018

Mr. Thomas J. Barnickel III
Legislative Auditor
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201

Dear Mr. Barnickel:

Please find enclosed the Department of Human Services' (DHS) responses to the draft performance audit on the State Employee Performance Evaluation Program.

If there are any questions regarding these responses, please contact the Inspector General, Kevin Carson of my staff at 443-378-4060 or kevin.carson@maryland.gov.

Sincerely,

Lourdes R. Padilla

Lourdes R. Padilla
Secretary

Enclosures:

cc:
Gregory James, Deputy Secretary, Operations
Randi Walters, Deputy Secretary, Programs
Craig Eichler, Chief of Staff
Samantha Blizzard, Special Assistant, Office of the Secretary
Kevin J. Carson, Inspector General, OIG
Terry Chrapaty, Executive Director, HRDT

**Appendix:**

DHS Agency Response:

**Finding 6**

**Certain agencies that were not using available personnel system records to monitor completion of performance evaluations had many employees who were not evaluated. None of the five agencies reviewed had established controls over the recording of evaluation data in the personnel systems.**

**Recommendation 6**
**We recommend that**

**a. DPSCS, MDH, and MDOT establish procedures, such as routine monitoring of personnel system data, to ensure employee performance evaluations are completed as required by statute or regulation;**

**b. all five agencies establish processing controls to ensure all completed evaluations had been accounted for and accurately recorded in the applicable personnel system; and**

**c. MDOT maintain documentation to support evaluation data reported annually to OPSB.**

DHS response

Only subparagraph (b) of the recommendation applies to DHS.

DHS had controls in place to ensure all completed evaluations had been accounted for. Specifically, DHS has been proactive in creating reports in the Workday system to assist in the tracking of Performance Evaluation Program form (PEP) completions. Supervisors are provided instructions for running various monitoring reports and entering the PEP score at least a week prior to the start of each PEP period. The first report is run by supervisors to show PEPs due (End or Mid-Cycle) for each member of their teams.

A second report is run by the Human Resources Development and Training unit to show any PEP scores that have not been entered into the Workday system. This report is run on regular intervals throughout the PEP completion period and supervisors who have not completed PEPs are sent emails reminding them that the PEPs are due.

DHS agrees that better controls can be implemented to ensure that the PEP rating in the PEP document is accurately transferred to the Workday system. Although the Department does not have resources to cross check the data entry on all PEPs, we will provide staff with instructions on how to review the PEP data entered into Workday and bring errors to the attention of HR for correction. In addition, the Department will conduct an audit of at least 10% of End of Cycle PEPs to identify any trends in data entry errors.

**Finding 7**

**None of the five agencies reviewed had effectively monitored the content of performance evaluations given to employees for compliance with legal requirements or policy.**

**Recommendation 7**

**We recommend that**

**a. the five agencies develop procedures to monitor the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy,**

**b. the four agencies in SPMS ensure that measurable and objective performance standards have been established for each position description, and**

**c. MDOT ensure that development plans and criteria assessment sheets are prepared for each evaluation and support the evaluation rating.**

DHS response

Only subparagraph (a) and (b) of the recommendation applies to DHS.

DHS concurs with the recommendations and began working to implement corrections prior to this audit finding:

7(a) Consistent with the provisions of State Personnel and Pensions Article 7-503, DHS agrees that it is the responsibility of the supervisor and appointing authority to ensure that PEPs comply with all requirements. In fact, in the Fall of 2017, the Department rolled out a newly developed PEP training which is being delivered to all DHS supervisory staff as mandatory training that must be completed by June 30, 2018. This training emphasizes the requirements of the PEP, including the need to include specific tasks to be achieved during the next rating period.

Although the Department does not have resources to review every PEP for quality assurance, the Department will institute an audit of at least 10% of the End of Cycle PEPs completed each cycle. This audit will be used to identify any trends in PEP deficiencies.

7(b) In addition, a newly developed mandatory MS-22 training was also rolled out in the Fall of 2017 for all supervisors/managers. The training provides guidance in the development of the MS-22 to ensure realistic expectations and measurable performance standards are documented for each position. In order to ensure quality, DHS will conduct an annual audit of 2% of MS-22's.

**Finding 8**

**None of the five agencies reviewed had established a documented process to sufficiently track and monitor each of their supervisors to ensure they had received performance appraisal training.**

**Recommendation 8**

**We recommend that**

**a. the agencies cited above establish a documented process to track and monitor whether each of their supervisors has received performance appraisal training and to ensure training requirements are met; and**

**b. MDOT formalize its training expectations and, in doing so, consider mandating such training for each supervisor.**

DHS response

Only subparagraph (a) of the recommendation applies to DHS.

DHS has implemented a comprehensive training program for the Performance Planning and Evaluation Program (PEP) and the MS-22. We currently have mandatory trainings underway for all supervisors/managers. This training program began in the fall of 2017 and by June 30, 2018, all existing DHS Supervisors will attend the training. After June 30, 2018, the program will continue to ensure that new supervisors are properly trained.

The Department agrees that during the period assessed in the audit, there was no system in place to track PEP training compliance for supervisors. However, prior to the audit finding, DHS took steps to ensure that all Departmental training, including PEP and MS-22 training is scheduled and tracked through the State's Learning Management System (LMS). The Department has created custom reports in LMS to track training completion. We provided copies of the training completion reports to the auditors for review and as such, we are confused by the assertion that "...there was no evidence to support the training status of all supervisors (who either received or did not receive training)." Prior to the LMS, DHS developed its own internal training tracking system using an Access Database. We are confident that these steps fully addressed the audit finding.

MARYLAND
DEPARTMENT OF
NATURAL RESOURCES

**Larry Hogan,** *Governor*
**Boyd Rutherford,** *Lt. Governor*
**Mark Belton,** *Secretary*
**Joanne Throwe,** *Deputy Secretary*

June 13, 2018

Thomas J. Barnickel, III, CPA
Legislative Auditor
State of Maryland Office of Legislative Audits
301 W Preston Street, Room 1202
Baltimore, MD 21201

Re: State Employee Performance Evaluation Program
Performance Audit Report

Dear Mr. Barnickel:

Thank you for the opportunity to respond to the Audit Report. We offer the following written responses to the recommendations.

**Recommendation 6(b)**
*We recommend that all five agencies establish processing controls to ensure all completed evaluations have been accounted for and accurately recorded in the applicable personnel system.*

The PEP Coordinator will continue to receive performance evaluations and will be tasked with tracking unit responses, reporting on completion rates, and randomly verifying the scores that were entered into Workday by a different Human Resource Service (HRS) staff person.

**Recommendation 7(a)**
*We recommend that the five agencies develop procedures to monitor the content of end-of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy.*

On April 23, 2018, all DNR supervisors were advised by email of the following:

- Employee MS-22 position descriptions must include objective, measurable performance standards (examples provided).
- The performance evaluation form must include "specific tasks to be achieved" for the next rating period.
- A signed and dated MS-22 must accompany performance evaluation forms for all end-of-cycle evaluations due July 1, 2018 and January 1, 2019.

In an email sent May 17, 2018, HRS Director Gwen Schindler offered to attend unit meetings to discuss the above requirements. To date, she has participated in two unit meetings.

In the future, DNR will review each performance evaluation to confirm that performance standards and specific tasks are present.

**Recommendation 8(a)**
*We recommend that the agencies cited above establish a documented process to track and monitor whether each of their supervisors has received performance appraisal training and to ensure training requirements are met.*

PEP training is available to supervisors through face-to-face classroom training or via web-based training developed by DBM and delivered through The HUB. HRS can run reports in The HUB to identify supervisors who have taken the web-based training. HRS will develop a method to track the face-to-face classroom trainings, either via The HUB or an Excel spreadsheet.

Supervisors will be notified that they must complete PEP training prior to administering PEPs to employees. Two months prior (May 1 and November 1) to the PEP deadlines, HRS will compare the report of supervisors in Workday against a report of employees who have completed PEP training. Non-compliant supervisors will be identified and given 6 weeks (no later than June 15 and December 15) to complete PEP training via The HUB. At that time, HRS will again compare reports to ensure that all supervisors have been trained. Supervisors who remain non-compliant may be subject to disciplinary action.

Should you need additional information or clarification, please do not hesitate to contact Sharon Carrick, Director of our Audit and Management Review team at 410-260-8783 or sharon.carrick@maryland.gov.

Sincerely,

Mark J. Belton, Secretary

cc: Joanne Throwe, Deputy Secretary
Allan Fisher, Assistant Secretary, Mission Support
Sharon Carrick, Director, Audit & Management Review
Gwen Schindler, Director, Human Resources Service

MARYLAND DEPARTMENT
OF TRANSPORTATION

Office of the Secretary

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Pete K. Rahn
Secretary

June 6, 2018

Thomas J. Barnickel III, CPA
Legislative Auditor
Department of Legislative Services
Office of Legislative Audits
301 West Preston Street
Room 1202
Baltimore MD 21201

Dear Mr. Barnickel:

Enclosed please find the Maryland Department of Transportation (MDOT) response to the draft Legislative Auditor's Report dated May 2018, for the State Employee Performance Evaluation Program Performance Audit. Our responses only pertain to Findings 6, 7, and 8. Additionally, an electronic version of this document has been sent to your office via email (file name: Draft Audit Report) to response@ola.state.md.us.

If you or your staff have any additional questions or concerns, please do not hesitate to contact Ms. Jaclyn Hartman, MDOT Chief Financial Officer, 410-865-1035 and jhartman1@mdot.state.md.us. Ms. Hartman will be happy to assist you. Of course, you may always contact me directly.

Sincerely,

Pete K. Rahn
Secretary

Enclosure

cc: Ms. Brenda Cachuela, Director, Office of Audits, MDOT
Ms. Jaclyn Hartman, Chief Financial Officer, Office of Finance, MDOT
Ms. Robyn Lawler, Personnel Administrator, Office of Human Resources, MDOT
: Mr. James F. Ports, Jr., Deputy Secretary of Operations, MDOT
Ms. Judy Slater, Director, Office of Human Resources, MDOT
Mr. Steven P. Watson, Deputy Chief Financial Officer, MDOT TSO

# Maryland Department of Transportation
# Draft Audit Responses
# State Employee Performance Evaluation Program
# Performance Audit

**Objective 3**
**Assess Selected Agencies' Procedures for Monitoring the Proper Completion of Performance Evaluations for Their Employees and Providing Related Training to Supervisors**

**Finding 6**
**Certain agencies that were not using available personnel system records to monitor completion of performance appraisals had many employees who were not evaluated. None of the five agencies reviewed had established controls over the recording of evaluation data in the personnel systems.**

**Recommendation 6**
We recommend that
a. DPSCS, MDH, and MDOT establish procedures, such as routine monitoring of personnel system data, to ensure employee performance evaluations are completed as required by statute or regulation;
b. All five agencies establish processing controls to ensure all completed evaluations had been accounted for and accurately recorded in the applicable personnel system; and
c. MDOT maintain documentation to support evaluation data reported annually to OPSB.

**Response** – MDOT concurs with auditors' recommendations, specifically-

a. The MDOT TSO Office of Human Resources (OHR) will reissue TSHRS Policy 7A and other pertinent documents to Transportation Business Unit (TBU) Administrators and TBU Human Resource (HR) Managers. OHR will generate TBU quarterly reports of employee performance appraisal ratings entered into HRIS for previous calendar year appraisals. The reports will be distributed to the MDOT Deputy Secretaries, TBU Administrators, and TBU HR Managers. These reports will be used by the TBUs to verify reporting and essential elements are completed as required. We anticipate beginning distribution of these reports in July 2018.
b. Each June, MDOT TBUs will conduct an annual review of 5% of career service employees' personnel records to ensure completed ratings and essential elements are entered and accurate in HRIS . These reviews will be documented and retained for audit purposes. TSO OHR will provide each TBU HR Manager with the selected 5% Employee's Identification Number (EIN) to conduct the review. These controls will be in place for the calendar year 2018 performance appraisals.
c. The OHR will provide guidance to the MDOT TBU HR Managers to reinforce maintaining supporting documentation for data submitted to OPSB. The guidance will be issued in conjunction with the actions detailed in the response for 6a.

**Finding 7**
**None of the five agencies reviewed had effectively monitored the content of performance evaluations given to employees for compliance with legal requirements or policy.**

**Recommendation 7**
We recommend that
a. The five agencies develop procedures to monitor the content of end -of-cycle or annual performance evaluations given to employees for compliance with legal requirements or policy;
b. The four agencies in SPMS ensure that measurable and objective performance standards have been established for each position description, and
c. MDOT ensure that development plans and criteria assessment sheets are prepared for each appraisal and support the evaluation rating.

**Response** – MDOT concurs with auditors' recommendations, specifically-

a. MDOT will conduct annual reviews, as required by legal and policy requirements, which will be documented and retained for audit purposes. These controls will be in place for the calendar year 2018 performance appraisals.
b. Recommendation not applicable to MDOT.
c. Each September, MDOT TSO OHR will conduct an annual review by systematically selecting 5% of MDOT career service employees' personnel records to ensure HRIS entries and TBU personnel files match, include the essential elements of the performance evaluation process, and support the appraisal ratings. These reviews will be documented and retained for audit purposes. These controls will be in place for the calendar year 2018 performance appraisals.

**Finding 8**
**None of the five agencies reviewed had established a documented process to sufficiently track and monitor each of their supervisors to ensure had received performance appraisal training.**

**Recommendation 8**
We recommend that
a. The agencies cited above establish a documented process to track and monitor whether each of their supervisors has received performance appraisal training and to ensure training requirements are met; and
b. MDOT formalize its training expectations and, in doing so, consider mandating such training for each supervisor.

**Response** – MDOT concurs with auditors' recommendations, specifically-

a. MDOT is currently developing a uniform learning management system (LMS) platform for all TBUs that will allow for centralized monitoring, distribution, and tracking of training to all MDOT employees and supervisors. It is anticipated that the MDOT LMS will be implemented by the end of calendar year 2018.
b. MDOT will establish a formal training module for supervisors that reinforces the requirements, as stated in TSHRS Policy 7A and other pertinent documents, and stresses the importance of the performance appraisal process. It is anticipated that pilot training modules will be completed by the end of calendar year 2018.

## AUDIT TEAM

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