



# **Performance Verification Audit June 2008**

**For all Colorado State  
Departments and Institutions  
of Higher Education**

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## **I. AUDIT SCOPE**

### **Authority**

The state personnel director is responsible for the oversight of the state personnel system, which includes conducting audits of departments' human resources operations and management pursuant to C.R.S. 24-50-101 (3)(c) and (d). This authority is carried out by the Consulting Services Unit of the Division of Human Resources in the Department of Personnel & Administration (DPA).

### **Background**

A performance audit of DPA and the State Personnel Board was conducted by the Colorado Office of the State Auditor (SAO) and a report issued in June 2005. One of the areas reviewed was the performance planning and evaluation process across the State Personnel System. The resulting report of the SAO, in part, recommended that:

"The Department of Personnel & Administration should strengthen oversight of employee performance planning and evaluation programs by:

b) Reviewing a sample of actual plans and evaluations to verify what is reported in the new employee database.

c) Using data from the new database, rather than from an annual survey, to assess compliance with performance planning and evaluation requirements; identify agencies and institutions that are consistently late in completing employee performance plans and evaluations; and offer training and technical assistance to help improve timeliness."

DPA agreed and responded to these recommendations:

"As part of the Department's ongoing oversight of the performance pay system, a representative sample of performance plans and final performance evaluations for the 51 departments and institutions of higher education will be reviewed to assure the accuracy of the self-reported data. Based on the findings, the Department will determine where timelines are not being met and provide training or technical assistance to improve timeliness."

This Performance Verification Audit was undertaken in response to the SAO report recommendations.

### **Audit Overview and Objectives**

C.R.S., section 24-50-104, et seq., requires DPA to develop guidelines and coordinate a performance system that emphasizes planning, management, and evaluation of employee performance and provides for each employee to be evaluated at least once a year. Departments (General Government & Institutions of Higher Education) establish individual time frames and deadlines for completing employee evaluations. Supervisors who do not complete performance evaluations by July 1 annually are subject to demotion if they fail to complete performance evaluations on time for two consecutive years. State Personnel Rules require corrective actions, denial of performance salary adjustments, and suspensions if supervisors do not complete employee

performance plans and evaluations within the deadlines established by the respective departments in their performance management programs.

The objectives of this audit are:

- Determine if the dates entered into the Colorado Personnel Payroll System (CPPS) match dates identified on the performance evaluation form.
- Determine if the final overall performance evaluation ratings for the 2005-2006 performance cycle were submitted in accordance with the timeframes and deadlines set forth in the individual departments' performance management program.
- Determine if the performance plans for the 2006-2007 performance cycle were completed in accordance with timeframes and deadlines set forth in individual departments' performance management program.
- Determine other compliance issues related to the State Personnel Rules.
- Identify training and technical assistance opportunities to be offered to the departments.

### **Audit Methodology**

In March 2006 and prior to the data collection, instructions were provided to the Payroll and Personnel Users Group (PPUG) and to HR Directors to ensure the actual dates from the performance evaluation form for each employee were entered into CPPS correctly. Because the CPPS system is not designed to record multiple dates related to final overall performance evaluations, departments were instructed to enter the reviewer's signature date into CPPS. Approval was granted for those departments who already established entering either the employee or supervisor signature date rather than the reviewer signature date. Because of the variations in which dates were entered, it was determined that the key audit criteria were to ensure that the date entered in CPPS matched a date from one of the required signature lines on the performance evaluation form.

All departments were instructed that a single uniform upload date was not to be used in CPPS. In prior years, the information technology staff at some departments provided a single uniform date for all respective department's employees as part of the upload process, rather than the actual date recorded on the performance evaluation form. This action caused the discrepancies reported in the SAO report identified above.

As CPPS is the system of record, DPA utilized the reporting function from CPPS rather than relying on self reported data. CPPS provided data on the final overall performance evaluation ratings by level, date entered, and department. At the time, CPPS has no mechanism to track performance plans.

Having made the decision to use CPPS, in May 2006 a report was generated containing the final overall performance evaluation rating level and date for each state classified employee in those departments that utilize CPPS. For

departments using a payroll and personnel system, other than CPPS, similar reports were requested from those departments.

On June 16, 2006 advance notice of the commencement of the data collection audit was sent to the human resources directors of all departments. A randomly selected list of classified employees was provided by DPA/DHR for each department. Data for an entire performance cycle was required. The following documents were required for each employee in the selected sample:

- The page of the performance evaluation form, of the employee's 2005-2006 final overall performance evaluation, showing the signatures and dates of the reviewer, supervisor and employee.
- The entire performance plan for the employee's 2006-2007 performance cycle (including the signature page).

Departments were asked to submit the documents by July 14, 2006.

Four departments did not submit the required data (Arapahoe Community College, Colorado College Access Network, Colorado Commission on Higher Education, and University of Colorado – System Administration). The State Auditor's Office was not asked to submit documents because few of the employees are evaluated under this performance system and there was no HR Director at the time.

A small sample for each department was deemed adequate to satisfy the objectives of this audit. Approximately 2% of each department's classified workforce was selected and each sample sorted to fairly represent the percent of employees by gender, ethnicity, and occupational group. For the larger departments, geographic distribution, class series or specific class was also considered to ensure a representative sampling.

## **II. AUDIT ANALYSIS AND RESULTS**

### **Date Verification: CPPS and Performance Evaluation Form**

In addressing the first objective of this audit, each department's sample of performance evaluation forms was compared to the dates entered in CPPS for each employee. Both performance evaluation forms and electronic data were available for this assessment from 42 of the 50 state departments.

No data from CPPS is available for the following five departments as those departments do not use the CPPS system.

1. Colorado State University
2. Colorado University-Boulder
3. Colorado University-Colorado Springs
4. Colorado University-Denver & Health Sciences Center
5. Colorado University-System Administration

The following three departments entered data into CPPS; however, they did not submit performance evaluation forms or individual performance plan documents for this audit. Without required documents, verification was not possible.

1. Arapahoe Community College
2. Colorado Commission on Higher Education
3. Colorado College Access Network

At the time the CPPS report was generated, the Department of Natural Resources had not entered data into the system. Without CPPS data entry, verification was not possible.

In brief, of the remaining 41 departments, 25 had a 100% match of dates on the performance evaluation form with the dates recorded in CPPS. Twelve departments had at least one of the sample where the recorded date in CPPS matched no dates on the performance evaluation form. Finally, four departments used a single uniform date for uploading all final overall performance evaluation ratings into CPPS.

The reason it is important for a centralized system (i.e. CPPS) to maintain accurate data regarding employee performance ratings is that performance evaluation is mandated by statute including sanctions specified for non-compliance. The frequency and completion date are significant, as specified in statute. Without accurate and complete data, it is impossible to monitor and ensure compliance with the intent of the statute.

**Final Overall Performance Evaluation Rating and Performance Plan: Compliance in accordance with the timeframes and deadlines set forth in the individual departments' performance management program**

To assess adherence to individual department performance management program and established timelines, the following information was collected:

- Internal due date for completion of final overall performance evaluation ratings.
- Internal due date for completion of individual performance plans.
- The number of individual performance plans and final overall performance evaluation ratings that were completed on time and the number that were completed late.
- The number of individual performance plans and performance evaluation forms not submitted for the audit or not completed.

If an individual performance plan and/or performance evaluation form was not submitted for an employee it was determined that none were completed, with the exception of comments provided by departments specifying the reason (e.g. new employee, employee resigned).

Final Overall Performance Evaluation Ratings:

The final overall performance evaluation ratings were determined by the performance evaluation forms submitted.

In summary, 29 departments (71%) had an on-time completion of 100% within the required sample. Ratings not completed due to extraordinary circumstances, e.g., employee on extended medical leave, were deemed to be in compliance with the rule and thus in compliance with the individual department's performance management program.

Thirteen departments had ratings being completed after the established individual performance management program due date. Four departments reported that some ratings in the audit sample had not been completed. See Attachment A.

Individual Performance Plans:

Completion and timely submission of the individual performance plans were determined by the number of actual performance plan documents submitted, the dates indicated on the plans, and the individual performance plan due date established in the individual departments performance management program.

In summary, only 14 of 50 departments had 100% completion and timely submission within the required sample. See Attachment A.

Statute mandates that individual performance plans and final overall performance evaluation ratings are required for all state classified employees. Individual performance plans document the expectations and measurement standards of each employee; final overall performance evaluations document the employee's performance results and associated rating. Employee achievement pay (annual compensation increases), retention, and other decisions rely heavily on final overall performance evaluation ratings. Therefore, it is the responsibility of departments and appointing authorities to ensure that every employee has an individual performance plan that describes expectations and a final overall performance evaluation rating to confirm that expectations are being met and that performance planning and rating are in compliance with law, rule, and policy.

**General Compliance Reminders (based on audit)**

Many of the performance evaluation forms submitted were missing employee or reviewer signatures and/or the date of the signature. No explanation for the omissions was provided on any of these documents. Performance evaluation forms require employee and/or reviewer signature(s) and date(s) which represent agreement with the outcome or recognition that the process has been completed. In cases where obtaining signatures is not possible, it is recommended that an explanation that the department has indeed officially rated the employee be included with the performance evaluation form.

A number of the performance evaluation forms submitted showed discrepancies between when employee, rater, and reviewer are signing off. By rule, there is a required sequence to signatures. Personnel Rule 6-4 (K) states a reviewer signature and date must be noted before the final overall rating is provided to the employee.

### **Individual Department Concerns**

In violation of Personnel Rule 6-4 (D), the Department of Public Safety (CDPS) established a calendar year performance cycle for 2005-2006 for the Colorado State Patrol Division which employs the majority of the CDPS workforce. The department moved the entire department to the calendar year cycle effective January 1, 2007. The statewide uniform performance cycle shall be April 1 to March 31.

The CDPS has submitted a request to the DPA, requesting permission to continue with the calendar year performance cycle. This request was reviewed and a decision is pending awaiting a request for a meeting with and information from CDPS by DPA.

### **III. SUMMARY**

Although technical errors were identified across departments, the most important outcome of this report is to emphasize that every classified employee is entitled to have a final overall performance evaluation and individual performance plan for each and every performance cycle.

Based on this data, 21 departments could not or did not produce evidence that each classified employee received a timely final overall performance evaluation for the 2005-2006 performance cycle, in accordance with individual departments' performance management program established due dates. Thirty-six departments could not or did not produce evidence that each classified employee received a timely individual performance plan for the 2006-2007 performance cycle, in accordance with individual departments performance management program established due dates. In some cases, no final overall performance evaluation or individual performance plan was submitted, from which DPA/DHR must conclude that one was never done. Conversely, when surveyed, departments are self reporting 100% compliance on performance evaluations and no sanctions are being administered.

Inaccurate self reporting and the results of this audit report have prompted DPA/DHR to review the current oversight of performance management data. We will no longer be relying solely on self reported data submitted by HR Directors. DPA/DHR will develop a survey element soliciting input from employees on whether or not a final overall performance evaluation has been received and if an individual performance plan is in place, in accordance with the individual



department performance management program due dates. In addition, DPA/DHR will be using CPPS for JBC reporting and determining compliance.

Effective immediately departments are directed to implement processes and to ensure that each and every classified employee receives a final overall performance evaluation and individual performance plan for every performance cycle within the individual department's performance management program established due dates. Continued follow up audits will be conducted to determine whether requirements are being met and if sanctions are being implemented for those not in compliance.

Consistent with the delegation of the State Personnel Director's authority to implement the state personnel system, the Director calls upon each department head to confer with their HR Director to ascertain the extent of the department's noncompliance and develop a remedial plan to be implemented for this current performance management cycle.

Statute mandates that designated raters be evaluated on their performance management and evaluation of employees including specified sanctions for non-compliance. Personnel rule 6-5 clarifies the intent of this statute in that any designated raters shall be evaluated on their performance management and evaluation of employees. Failure to plan and evaluate in accordance with individual department performance management program established timelines results in sanctions (corrective action and ineligibility for achievement pay).

DHR will provide training and technical assistance guides to the HR community on performance management to include discussion of requirements related to collecting, recording and reporting required data, as well as a review of the performance system requirements in statute and personnel rule.

DHR will continue to improve and strengthen its oversight process of individual department performance management programs and practices to ensure compliance with statute and personnel rule.

# ATTACHMENT A

General Government Departments										
DEPT. CODE	DEPARTMENT	TOTAL # OF EMPLOYEES 6/06	AUDIT SAMPLE SIZE	FINAL PERFORMANCE RATING		ANNUAL PERFORMANCE PLAN			Other Variances or Performance Rule Violations	
				Performance EVALUATION Due Date	Number On Time	Number Late/Not Completed	Performance PLAN Due Date	100% Timely Submission		
BAA	Agriculture	234	5	30-Apr	5	0	30-Apr	Yes	No	On 2 evals - Reviewer signed after employee signed eval
CAA	Corrections	5527	113	30-Apr	110	1	30-Apr		X	On 2 evals - No data submitted (1 employee on leave; 1 new employee)
DAA	Education	155	4	31-Mar	0	4	30-Apr		X	On 3 evals - No date on reviewer signature
UHA	Health Care Policy and Financing	194	5	30-Apr	5	(2 evals not submitted)	26-May	X		On 1 eval - Reviewer signed after employee signed eval
IAA	Human Services	5117	50	30-Apr	48		30-Apr		X	4 plans not submitted; 2 plans signed after due date; 1 plan had no signature date
KAA	Labor and Employment	1081	22	1-Jul	20	0	1-Jul		X	2 in sample eliminated (1 terminated before eval and 1 in SES). On 15 evals - Reviewer signed after employee. 1 eval had no Reviewer signature. 1 eval had no date for the reviewer signature.
LAA	Law	132	3	1-May	0	1 (2 evals not submitted)	1-May		X	On 1 eval - No date on Reviewer signature
NAA	Local Affairs	170	6	31-Mar	1					2 evals not submitted (1 employee retired. 1 employee was Acting Exec Dir). On 3 evals - Reviewer signed after the employee. Only 3 plans submitted.
OAA	Military and Veterans Affairs	104	4	30-Apr	4	0	30-Apr		X	Only 3 plans submitted.
PAA	Natural Resources	1383	30	31-May	28	0	30-Apr		X	2 evals not submitted (2 new employees). On 10 evals - Reviewer signed after the employee. On 1 eval - No Reviewer indicated
EAA	Office of the Governor	2	1	30-Jun	1	0	30-Jun	X		On 1 eval submitted - No Reviewer signature
AAA	Personnel & Administration	508	12	15-May	11	1	30-Apr		X	On 4 evals - Reviewer signed after employee
FAA	Public Health & Environment	1127	22	1-May	19	0	1-Jun		X	3 evals not submitted (3 new employees). 5 evals - Reviewer signed after employee.
RAA	Public Safety	1223	28	15-May	27	0	30-Apr		X	1 eval not submitted (1 new employee). State Patrol Division on calendar year performance cycle contrary to rule. 1 plan missing and 1 late plan.
SAA	Regulatory Agencies	496	10	30-Apr	9	0	30-Apr		X	No eval submitted on 1 employee.
TAA	Revenue	1370	28	1-Jul	27	0	30-May		X	1 employee transferred out of department prior to end of performance cycle. No plans submitted.
VAA	State	111	2	12-May	0	2	12-May		X	
HAA	Transportation	3061	61	1-May	42	(19 evals not submitted)	1-May		X	On 3 evals - No date for employee signature. On 1 eval - Reviewer signed after employee.
WAA	Treasury	23	1	28-Apr	1	0	28-Apr	X		On 1 eval - No Reviewer and signed after employee

# ATTACHMENT A

Institutions of Higher Education										
DEPT. CODE	DEPARTMENT	TOTAL # OF EMPLOYEES 6/06	AUDIT SAMPLE SIZE	FINAL PERFORMANCE RATING		ANNUAL PERFORMANCE PLAN		Other Variances or Performance Rule Violations		
				Performance EVALUATION Due Date	Number On Time	Number Late/Not Completed	Performance PLAN Due Date		100% Timely Submission	
GVA	Adams State College	107	3	10-Apr	3	0	30-Apr	On 2 evals - No date line for employee. No data submitted.		
GJB	Arapahoe Community College	83	2					On 1 eval - No Reviewer. 1 eval input into CPPS prior to any signatures. 2 plans not submitted. No data submitted.		
GMA	Auraria Higher Education Center	258	6	14-Apr	6	0	30-Apr			
GDSA	Colorado College Access Network	30	2							
GJA	Colorado Community College System	90	2	31-May	1	(1 eval not submitted)	30-Apr	On 1 eval - Reviewer signed after employee.		
GJT	Colorado Northwestern Community College	29	2	31-Mar	2	0	1-Apr			
GLA	Colorado School of Mines	266	5	30-Apr	5	0	30-Apr	On 3 evals - Reviewer signed after employee. 3 evals not submitted (2 new employees and 1 employee left CSU and reinstated on last day of cycle). On 11 evals - Reviewer signed after employee. One 1 eval - No employee signature. On 1 eval - No dates on any signatures. On 2 evals - no employee signature date.		
GGB	Colorado State University	2178	44	30-Apr	39	2	30-Apr	No data submitted.		
GGJ	Colorado State University - Pueblo	115	4	30-Apr	4	0	30-Apr	On 1 eval - No reviewer signature. 1 plan not submitted.		
GAA	Colorado Commission on Higher Education	4	2					On 1 eval - Reviewer signed after employee.		
GJC	Community College of Aurora	49	2	30-Jun	2	0	30-Jun	On 1 eval - No Reviewer signature. On 1 eval - Reviewer signed after employee.		
GJD	Community College of Denver	44	2	1-May	1	1	15-May	No eval and plan for 1 employee - transferred on 2/06.		
GSA	Fort Lewis College	155	4	31-Mar	4	0	31-Mar	On 2 evals - No employee signature		
GJE	Front Range Community College	214	3	31-Mar	3	0	30-Apr			
GJF	Lamar Community College	21	3	30-Apr	2	0	30-Apr			
GZA	Mesa State College	107	2	30-Apr	2	0	1-May			
GTA	Metropolitan State College of Denver	231	5	31-Mar	2	3	30-Apr			
GJG	Morgan Community College	18	2	31-Mar	1	1	30-Apr			
GJR	Northeastern Junior College	51	2	31-Mar	2	0	31-Aug	Plan due date is late as many classified staff are on 9 months or less appointments and return in August.		
GJH	Otero Junior College	27	2	30-Apr	1	0	30-Apr	On 1 eval - Reviewer signed after employee.		
GJJ	Pikes Peak Community College	220	3	30-Apr	2	0	30-Apr	No eval and plan for 1 employee - resigned during performance cycle on 2/06.		
GJK	Pueblo Community College	106	2	31-Mar				No evals submitted. Only 1 plan submitted.		
GJL	Red Rocks Community College	95	2	15-Apr	1	1	15-Jun	On 2 evals - Reviewer signed after employee.		
GCA	State Historical Society	35	2	30-Apr	1	0	30-Apr	Only 1 eval and plan submitted.		
GJM	Trinidad State Junior College	37	2	14-Apr	0	2	14-Apr	On 2 evals - Reviewer signed after the employee.		
GFB	University of Colorado - Boulder	4123	52	1-Jun	52	0	1-Jul	On 17 evals - Reviewer signed after employee. On 1 eval - No Reviewer signature.		
GFC	University of Colorado - Colorado Springs		6	1-Apr	4	2	1-Jun	On 1 eval - No reviewer signature. On 1 eval - Reviewer signed after employee.		
GFE	University of Colorado - Denver and Health Sciences Center		13	30-Jun	11	0	30-Apr	2 evals not submitted (1 new employee, 1 employee was and hourly retiree)		
GFO	University of Colorado - System Administration		5							
GKA	University of Northern Colorado	520	12	31-Mar	8	4	30-Apr	No data submitted.		
GWA	Western State College	63	2	30-Apr	2	0	30-Apr	On 1 eval - No employee signature. On 2 evals - Reviewer signed after employee. 3 plans not submitted.		