



WENDY GREUEL  
CONTROLLER

September 23, 2009

Margaret Whelan, General Manager  
Personnel Department  
700 E. Temple Street  
Los Angeles, CA 90012

Dear Ms. Whelan:

My Audit Division received your June 22<sup>nd</sup> and August 20<sup>th</sup>, 2009, responses to the "L.A. City Hiring Process Performance Audit." Your June response provided more specific planned actions and timeframes for implementation with the exception of three recommendations which your response indicates a fundamental disagreement with changing current practice. Your latest response continues to elaborate on concerns with two of the recommendations and also explains implementing another recommendation may be ill-timed given the City's other pressing issues.

As you know, the audit credited the Personnel Department with doing a noteworthy job in hiring the City's public servants given limitations with information systems, staffing resources and the City's civil service system. Still, the audit identified areas where current practices could be improved to make the City's hiring practices more effective and ensure the City and the public are served by the most skilled and knowledgeable work force.

Generally, your planned actions and implementation timeframes are acceptable, except for the three recommendations you disagree with. These recommendations relate to administering and considering performance evaluations as a job readiness indicator for promotional candidates and formally recognizing candidates vying for advancement that seek and complete additional training on their own. I remain committed to the basis for these recommendations – ensuring the City's workforce represent the best and brightest -- and will seek the support of the Mayor and City Council to help pave the way to move forward.

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The recommendations you disagree with and my comments are noted below.

**Recommendations 11 and 12:**

**Personnel should work with the Mayor to develop and implement a performance evaluation system and should require supervisors and managers to provide performance evaluations for all employees at least annually.**

**In-lieu of requiring full performance evaluations for all employees given the current lack of a citywide performance evaluation system, one approach Personnel should propose to the Mayor involves creating performance readiness self-assessment.**

The recommendations were intended to provide the City with information about candidates' abilities and readiness to assume more or different responsibilities by considering on-the-job performance. The audit report identified the widespread perception among various city officials that the reachable candidates are not always the best qualified.

Both of your responses indicate that you believe the use of performance evaluations or performance readiness self-assessments are "incompatible with Section 1005 of the Charter" and also cite additional reasons for not implementing the recommendations. For example, your response raises concerns that performance evaluations are subjective and that developing a standardized and consistent scoring process would be virtually impossible; and as a result, the City could be noncompliant with State and federal employment laws. In addition, the time and effort needed to train City supervisors and managers would be a drain on limited City resources. Further, with approximately 1000 different civil service classifications, it would be a daunting task to develop specific, classification-related attributes.

As alternatives to mitigating the audit issues, you indicate that training and experience evaluations and behavior-based interviews allow raters to consider candidates' abilities. Further, departments' hiring managers may view performance evaluations, if they are available, to consider in making a hiring decision.

We understand and support your concerns to keep the process as fair and objective as possible to comply with City, State, and federal labor laws. We also believe our recommendations are within these parameters. For example, Charter Section 1005 reads, in part, "Examinations shall be practical, and shall relate to those matters that will fairly test the relative capacity of the persons examined to discharge the duties of the position to which they seek to be appointed..." To determine the "relative capacity" of

the individual to carry out the responsibilities of the job sought, it seems appropriate to consider the candidate's performance readiness as determined through self-assessment or performance evaluation. This concept is supported in part by the City's Civil Service Rules (CSR). CSR 3, Section 3.5.d allows for any applicant or eligible candidate to be "rejected or disqualified at any time prior to appointment who has a history of poor work performance or experience which would interfere with or prevent effective performance in the type of employment sought." Since poor work performance can be grounds for rejection or disqualification, it would seem that adequate or exceptional work performance should be considered in scoring potential candidates for promotion.

The City's current hiring process includes steps where the subjectivity of assessments are minimized and made more objective by the use of standardized tools and criteria, such as interview criteria and rating scales. Ostensibly, these current practices are compliant with State and federal labor laws to ensure fair and non-discriminatory hiring practices. We believe performance evaluations/readiness assessments can be standardized in a similar fashion to improve the process for identifying the best qualified staff for the City's workforce. It is also interesting to note that the federal Department of Education is proposing that states receiving ARRA (American Recovery and Reinvestment Act of 2009) monies be required to provide teacher performance evaluations to demonstrate schools are staffed by highly qualified teachers. It would appear that the federal government is looking at job performance evaluations as a tool in determining an individual's abilities while remaining cognizant of labor laws.

Your latest response to these recommendations ends with a concern that given the City's various crises it is not an appropriate time to even discuss such significant changes; and therefore you will not be notifying the Mayor of these recommendations at this time. While we acknowledge the City's current situation, this also provides opportunities, and in some cases, necessitates change.

**Recommendation 13:**

**The City should reconsider its policy of providing unlimited seniority credits when employees compete for promotional examinations and Personnel should either:**

- a. work with Mayor to begin the process to eliminate seniority credits and incorporate performance readiness examinations, job performance evaluations, and/or additional training and certifications employees earn within the analysis to rank candidates on an eligible list. This will ensure that promotions are based on job**

**related qualifications and demonstrated performance and ability rather than simply based solely on the amount of time a candidate has spent in city employment (Requires a change to the City Charter); or**

- b. Work with Mayor and Civil Service Commission to cap the seniority credits for non-management employees as they did with management employees (1 point cap). (Requires a change to the Civil Service Rules).**

Your response indicates that either of these two options would require, at a minimum, discussions with the City's bargaining units and the CAO believes there are currently more pressing issues to be dealt with related to the bargaining units. We acknowledge the current situation facing the City. However, for the City to be poised to benefit from improved practices when the economy improves, it is important that changes be worked out in advance. I would encourage you to re-consider whether there is an opportunity to start discussions now rather than waiting a year or more when a majority of the MOU's are set to expire.

**Recommendation 17:**

**Personnel should work with the Mayor to develop incentives, such as awarding points towards promotional final examination scores, for employees to seek training and development opportunities on their own. Consider providing employees with incentives, such as minor pay grade/step increases or automatically meeting minimum qualifications for completing a designated program or course at their own cost.**

Your June response expresses a concern that awarding points in the examination process to candidates who seek training and development opportunities on their own would create an unfair advantage for candidates who are unable to do so because of access limitations. Further, it would be difficult to equitably award points based on the myriad of classes and training that may be completed. However, your response also states that individually-sought training and development is considered when evaluating an employee's readiness for promotion and would "tend to have a positive influence on the evaluation and ultimately on the candidate's score".

Based on your response, it appears that additional training and development can indirectly influence the candidate's score. Our recommendation seeks to make this consideration more transparent by formally awarding points up to some capped amount which thereby makes candidates aware of the value placed on having well-qualified and

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trained employees. This would also provide opportunities for talented employees with fewer years of experience to be competitive with candidates who have more years of service but little continuing education and training.

We understand that employees, who because of personal limitations cannot avail themselves of additional training and education on their own, may believe they are at a disadvantage. However, job placement/promotion should not be considered a guaranteed action but one that results from the best match of job needs and employee qualifications, which can be substantially augmented by self-initiated training and education.

Your alternative solution to establish an on-line training academy available to all City employees, and to consider completion of training classes in the examination process is acceptable. Based on the successful implementation of this alternative, I would encourage you to revisit the possibility of expanding this concept by implementing the recommendation as stated.

If you have any questions, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wendy Greuel".

WENDY GREUEL  
City Controller



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June 1, 2009

Ms. Margaret Whelan, General Manager  
Personnel Department  
700 E. Temple Street  
Los Angeles, CA 90012

Dear Ms. Whelan:

My Audit Division received your May 12, 2009, response to the "L.A. City Hiring Process Performance Audit." Except as noted below, your planned actions and timeframes are acceptable.

**Recommendation 1:**

**The Mayor and Council should commit the necessary resources to allow Personnel and City departments to develop, implement, and maintain workforce and succession planning strategies and activities, including identifying critical skills needed presently, conducting analyses, surveys and research needed to project future requirements, and anticipating gaps in leadership.**

Your response notes that due to the City's current economic crisis, the possibility of layoffs and slowdown of hiring, your Department does not intend to request funding for positions dedicated to workforce strategic planning. I recognize the challenge to implement recommendations that may require additional resources or a different allocation of resources; however, lean fiscal times require the City to do better planning and ensure it is in a position to provide the workforce necessary to best serve the City. I encourage your Department to lead these strategic activities that consider the City's aging workforce, changing competency needs and other factors that will significantly impact the future workforce.



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**Recommendations 11 and 12:**

**Personnel should work with the Mayor to develop and implement a performance evaluation system and requiring supervisors and managers to provide performance evaluations for all employees at least annually.**

**In-lieu of requiring full performance evaluations for all employees given the current lack of a citywide performance evaluation system, one approach Personnel should propose to the Mayor involves creating performance readiness self-assessment.**

The recommendations were intended to provide the City with information about candidates' abilities on the job and readiness to assume more or different responsibilities by considering on-the-job performance.

Your response indicates that a mandatory and/or single approach performance appraisal process citywide is not feasible. You note that Personnel has no enforcement authority; a lack of Personnel staff to oversee the system; and that City departments are better equipped to assess workers and should be allowed to develop an evaluation instrument that meets their needs. However, our recommendation encourages your Department to work with the Mayor to ensure employees receive an annual evaluation.

Currently, the City does not include past job performance in scoring potential candidates. Your response does not address the suggestion for developing an alternative approach, to create a performance readiness assessment that would be considered in promotion decisions. The audit's benchmarking analysis found that approximately half of rule-bound civil service entities do consider an employee's past performance evaluations when promoting employees. It is likely that these governmental agencies faced the same concerns and barriers you have expressed.

I encourage you to re-visit Recommendations 11 and 12 to help assure that the City promotes the most qualified individuals.

**Recommendation 16:**

**Personnel should work with the Mayor to expand on current professional employee development offerings. Consider creating a professional development program with local schools and colleges and work with City departments to identify skills that are lacking. Develop corresponding training and development programs that target those areas and provide upward mobility at the same time.**

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I commend your efforts to develop an Online Training Academy to deliver training to a greater number of employees for a relatively low. This is a creative way to provide standard training citywide. However, your response does not indicate whether Personnel intends to have City departments identify where skills are lacking so that training can be developed to address these areas. Also, it is unclear whether your Department plans to collaborate with local schools and colleges to help develop training or development programs. Please indicate whether your Department intends to pursue these aspects of the recommendation, as well as a timeframe for doing so.

**Recommendation 17:**

**Personnel should work with the Mayor to develop incentives, such as awarding points towards promotional final examination scores, for employees to seek training and development opportunities on their own. Consider providing employees with incentives, such as minor pay grade/step increases or automatically meeting minimum qualifications for completing a designated program or course at their own cost.**

Your response indicates that issues such as availability and affordability for all City employees would need to be addressed before implementation of any incentive. This recommendation was intended to provide the City with another means to ensure the best qualified candidates are reachable on the eligible list, especially when the City may be financially constrained to meet the training needs of every employee who wishes to advance. Further, the recommendation provided a way to acknowledge those employees who acquired the necessary skills for advancement at their own cost. Making the effort to acquire the skills and knowledge necessary for advancement can be encouraged through non-monetary means, such as awarding points in the examination process.

Finally, your response did not provide targeted implementation dates for Recommendations 13a, 13b and 15.

Please submit the requested information to my office by June 22, 2009. If you have any questions, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

Sincerely,



RUSHMORE D. CERVANTES  
Acting City Controller