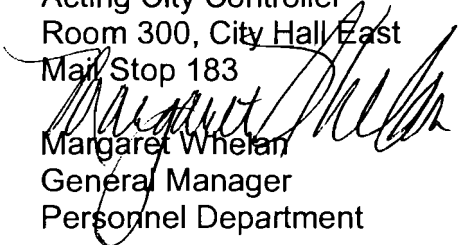


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: June 22, 2009

To: Rushmore D. Cervantes
Acting City Controller
Room 300, City Hall East
Mail Stop 183

From: 
Margaret Whelan
General Manager
Personnel Department

Subject: **L.A. CITY HIRING PROCESS PERFORMANCE AUDIT**

In response to your letter of June 1, 2009 requesting additional information concerning our planned actions and timeframes pertaining to the recommendations in the above-referenced audit, we respectfully submit the following.

Recommendation 1:

The Personnel Department continues to assume a leadership role in Workforce and Succession Planning and has since fiscal year 2007-08, the year a formal Workforce Planning program was implemented. During the first year of the program the Personnel Department analyzed retirement, staffing, and demographic data and identified key staffing issues, and developed recommendations to address these critical staffing issues and assist departments develop a workforce planning strategy. The Personnel Department recognizes the importance of continuing workforce planning and is leveraging technology, such as gathering and analyzing retirement data and other relevant data, to assist in this endeavor.

As part of the continuing Workforce and Succession planning efforts, the Personnel Department plans to send out a self-assessment survey in FY 2009-2010 to prepare department personnel sections to identify their: current workforce profile; future workforce profile; changes to competencies; and staffing gaps. This data, once collected, will assist in the development of departmental and City-wide workforce planning. Also, implementation of the PaySR Position Control Module II and Workforce Analysis Module will greatly enhance our capabilities in this area. Your support and encouragement of the Personnel Department as we work to accomplish these tasks with limited staffing is very much appreciated.

Recommendations 11 and 12:

Your letter states that 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. However, as the Personnel Department informed the auditors, we believe the use of performance evaluations or performance readiness self-assessments are incompatible with Section 1005 of the Charter, which requires that applicants for positions in the classified civil service be subject to examination that will fairly test the relative capacity of the persons examined. Since candidates are placed on eligible lists in score order, using performance evaluations or performance readiness self-assessments would require that they be scored in some manner. While there has been a standard City Employee Evaluation Report (PDAS-28) for years, we know of at least 18 departments, including the Controller's Office, that use evaluation forms developed by the department. It would be virtually impossible to develop a standardized and consistent scoring process for the various forms. Additionally, evaluations of performance, whether done by supervisors or managers, by the employees themselves, or some combination thereof, are by their very nature subjective, dependent on the evaluator's feelings about the person (or themselves), how much time they have to devote to the evaluation, how much importance they assign to making the evaluation, and other factors.

We do, however, consider information about candidates' abilities on the job and readiness for more responsibility through the use of training and experience evaluations (T&Es) and behavior-based interviews. Candidates are required to respond to questions, in writing in the case of a T&E and orally in the case of an interview, about what they have achieved in specific job-related areas. For example, a candidate may be required to respond to a question asking them to discuss a recent project on which they were the project manager and describe the scope of the project, what they did to ensure the successful completion of the project, what the results were, etc. Raters evaluate the quality of the candidate's responses to assign a score to the candidate. Both raters and candidates have provided positive feedback on this approach because a candidate is evaluated based on what they have achieved on the job. Based on our review of best practices and given our awareness of the City's rules and culture, we believe continuing to use T&Es and behavior-based interviewing is the best approach.

In addition, we do believe that performance evaluations have a place in each department's hiring process. Notwithstanding the finding of the auditors that many of the City's hiring managers either do not use performance evaluations when considering eligible candidates or only review them for "red flag" problems, those are the choices made by those managers. However, if there are evaluations available, they can certainly be considered in making a hiring decision, providing information about a candidate's abilities on the job. Again, to use or to not use this information is up to each individual hiring manager.

With regard to the fact that approximately half of rule-bound civil service entities surveyed by the auditors consider performance evaluations when promoting employees, nothing in the audit report indicates how they are used. It is possible that many of the entities use them at the time of the hiring decision rather than during the establishment of the eligible list, which City hiring managers can do. Since neither the entities or how the performance evaluations are used are identified in the report we have no way of comparing what we do with other practices. Likewise, we do not know

the size of the entities (relatively small entities may have performance evaluations prepared by a very few people, greatly increasing the consistency of the ratings) or the nature of the rules by which they are bound. Civil service rules vary widely between agencies.

The report also recommends working with the Mayor to develop and implement a performance evaluation system and require evaluations for all employees at least annually. On May 5, 2009 new performance appraisal forms were implemented and sent to all department heads. The old PDAS-28 form was replaced by two improved forms, one for the evaluation of employees and one for the evaluation of supervisors. However, departments are not required to use the new forms since many of them, as previously discussed, have customized forms that they believe allows them to more accurately evaluate their staff. While the Personnel Department does not have the authority to require evaluations of employees in other departments, the General Manager will send a letter to the Mayor by September 1, 2009 notifying him and his staff of the recommendation contained in the audit report.

Recommendation 16:

As part of the Personnel Department's Workforce and Succession planning efforts, we plan to send out a self-assessment survey fiscal year 2009-10 to City departments for the purpose of identifying the current workforce profile, future workforce profile, and identifying staffing gaps and possible surpluses, which will assist in strategic workforce planning. Information gathered in the survey will be used in the development of future training programs and for recruitment strategic planning.

When the Personnel Department first began considering the development of the Online Training Academy in 2008, we explored the option of forming partnerships with the local school board and community colleges to accomplish this goal. Staff met with representatives from the Los Angeles Unified School District (LAUSD), Los Angeles City College (LACC), Los Angeles Trade Technical College (LATTC) and Pierce College. All were amenable to partnering with the City; however, LAUSD indicated that due to economic and staffing issues they were not in a position to move forward with such a project at this time. With respect to LATTC, we still await receipt of a written proposal outlining what training options the college would be able to make available to the City. Both LACC and Pierce College have experience providing online programs, and thus were ready to work with the City in the development of a customized internet-based educational program.

Subsequent to these meetings, the Personnel Department submitted a FY 2009-2010 budget request to fund the Training Academy and was authorized by City Council to release a Request for Proposal (RFP) to solicit bids for the design, development and implementation of the online program. The release of the RFP is anticipated by mid-fiscal year 2009-2010. At that time, the local school board, community colleges, and other entities will be invited to submit proposals.

Additionally, be advised that the Personnel Department has been in a collaborative endeavor with the County of Los Angeles and California State University Northridge to offer a management level training program titled, The Future Focused Leadership Program. The Program began in 2004 as a way to educate City managers represented by the Los Angeles Professional Managers' Association (LAPMA) on such issues as organizations in transition, interpersonal skills, understanding teams and team building, strategic planning, and conflict management strategies. Since its inception, 108 City managers have successfully completed the sixteen-session program. Currently, this program is only available for employees in the Management Employees bargaining unit, since the funding for this program is based on a provision in the LAPMA MOU.

As the Personnel Department believes that the local educational community can be a valuable resource, we will continue to reach out to these entities as we strive to meet the City's training needs.

Recommendation 17:

The Personnel Department continues to believe that awarding points in the examination process to candidates who seek training and development opportunities on their own creates an unfair advantage for candidates who are able to do so. It becomes not just a cost issue, although in these difficult times that is a major consideration, but also an access issue. A candidate who cannot seek out training due to child or elder care issues, limited computer access, unavailability of classes or training centers in the area in which they live, or similar limitations would be placed at a disadvantage if another candidate with the same score was awarded extra points. Those extra points could very likely mean that the candidate without the training opportunities would not be reachable on an eligible list. There would also be an issue in evaluating a myriad of classes, seminars, on-line training, etc. to determine the quality of the experience and its value and relevance to City employment. Equitably awarding points based on the training attended would be very difficult.

However, if an employee were to seek out training and development opportunities on their own it would certainly benefit him or her in the City's promotional process even without the awarding of additional points. Since education, experience, and training are always considered when evaluating an employee's readiness for promotion, any improvement undertaken by a candidate and made known to the persons evaluating the candidate's qualifications would tend to have a positive influence on the evaluation and ultimately on the candidate's score.

Additionally, the Personnel Department is investigating the possibility of establishing an on-line training academy with a library of products for employee development. Some may be developed in-house, although it is likely that most would be obtained from established sources. Since it would be available to all employees, those who chose to avail themselves of the opportunity to take the training on their own time could be eligible to take an examination based on having completed the courses, may be eligible to waive portions of the examination based on completing the courses, or be eligible for additional points on an exam to which a particular training module applied. This would ameliorate the Department's concerns about equity of access and assuring the quality

of the training. All of these possibilities will be considered once a viable on-line training program has been established. It is always the Personnel Department's goal to provide City departments with the most highly qualified candidates.

Recommendations 13a and 13b:

The Personnel Department will meet with the City Administrative Officer by September 1, 2009 to discuss possible ways to eliminate or limit seniority credits.

Recommendation 15:

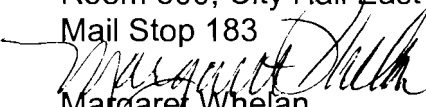
Development of the Competency Model and the Competency Bank has been completed and a pilot program involving the planning classifications in the Planning Department is underway. It is anticipated that the pilot program will be completed by July 31, 2009 and a review of the results of the pilot completed by August 31, 2009. Training for staff on the implementation of the Competency Model is tentatively scheduled to take place in September 2009, but may be delayed if staff is still engaged in layoff calculations. Upon completion of training, competency modeling will be conducted for each City classification as an examination is given for that class.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

RECEIVED MAY 14 2009

Date: May 12, 2009

To: Farid Saffar, CPA
Director of Auditing
Office of the Controller
Room 300, City Hall East
Mail Stop 183

From: 
Margaret Whelan
General Manager
Personnel Department

Subject: **L.A. CITY HIRING PROCESS PERFORMANCE AUDIT**

Attached please find a summary of the actions taken to implement the recommendations made in the L.A. City Hiring Process Performance Audit.

If you have any questions or comments, please contact me at (213) 473-3470.

Attachment

PERSONNEL DEPARTMENT RESPONSE TO L.A. CITY HIRING PROCESS PERFORMANCE AUDIT

The recommendations in the L.A. City Hiring Process Performance Audit covered several areas.

For the City to ensure that it can respond to the challenges and changes in its workforce and accomplish its mission, goals, and objectives (Recommendations 1, 3-5):

In FY 2007-08, the Personnel Department established a Workforce Planning Unit to address critical staffing issues and develop strategies to assist departments to meet their strategic plans by ensuring that their staffing needs were addressed. The unit consisted of two positions funded in that year's budget and two positions reassigned from other duties in the Department. At the time, there was concern that a significant number of retirement-eligible City employees would potentially leave the City and result in staffing gaps. Due to budget cuts, the unit was dissolved shortly thereafter. One and one-half positions were deleted from the FY 2008-09 budget and the remaining one-half position has been deleted from the Personnel Department's budget for FY 2009-10. The two other positions were reassigned to other core functions in the Department to make up for staffing losses. The Workforce Planning Unit, when staffed, analyzed 2007 retirement and demographic data for civilian employees and found that approximately 2,621 (9%) employees are eligible for a normal retirement. There is a potential of an additional 3,815 employees eligible to retire in the next five years (12.6%). There are approximately 29,832 civilian employees in the LACERS retirement system with an average age of 45.8 and 11.8 years of service. The impact of the wave of retirements is concentrated in supervisory and management level positions. Approximately one-third of the Supervisory Librarians and Senior Accountants and one in five of the Supervisory Building Trades employees are eligible to retire.

The Department agrees that necessary resources should be committed in order to properly address workforce and succession planning strategies and activities (**Recommendation 1**). However, given the City's current economic crisis, the strong possibility of layoffs, and the slowdown of hiring for most City departments, the Personnel Department does not intend to request funding for positions for workforce planning at this time. The Department does recognize the importance of workforce planning and is continuing to develop the systems needed to provide data for the function as part of the PaySR project and program needs so that whenever the possibility of implementing any aspect of workforce planning arises, we will be able to respond. As limited strategic planning efforts are attempted, data transfer from retirement systems will become more consistent and compatible with current programs and reports used for data analysis. In addition, as City Departments begin to utilize the Position Control

Module in PaySr, it will become an integral part of the City's succession planning **(Recommendations 3 and 4)**.

The Personnel Department has not established a formal Succession Plan; however, the Personnel Department would like to provide departments with necessary data and provide guidance to assist them in developing a customized succession strategy after the City's FY 2009-10 budget is adopted and subsequent workforce adjustments have been made, budget and staffing permitting **(Recommendation 5)**.

For the City to further improve the timeliness and reduce the resource requirements of the Citywide hiring process and to ensure only the most qualified candidates are at the top of the eligibility list and reachable (Recommendations 5-10, 13, 15):

The Personnel Department continually strives to administer examinations that are valid, job-related, and in compliance with the law in the most efficient and effective manner possible. Limiting the number of applicants who must be tested in open examinations to a number that is consistent with the number of positions to be filled **(Recommendation 6)** is a goal that the Department has been working on and will continue to pursue. The use of some form of web-based preliminary examination **(Recommendation 6)** and, upon implementation of the NeoGov application processing system **(Recommendation 8)**, the use of the screening question function to rank the candidates based on their experience and training is being pursued. The Department also continues to investigate how the courts have more recently interpreted language similar to that in the Charter, an interpretation of which in the 1930s and subsequent City Attorney opinions have led to the requirement that all qualified candidates be examined.

The Department also concurs with **Recommendation 7**, and in fact uses certain certification and/or licensing to place candidates in some open examinations on the eligible list. The Department will continue to review every exam for such requirements and utilize the methodology when appropriate.

The implementation of the NeoGov application processing system **(Recommendation 8)** is continuing and will be in place during the 2009-2010 fiscal year. A Request for Proposal for a Test Management System (TMS) and Computer Based Testing (CBT) **(Recommendation 8)** is being prepared to identify a vendor that can provide tests that can be administered in either proctored or non-proctored environments, that can be web-based **(Recommendation 6)** or server-based, be administered in a secure environment, and be compatible with the new NeoGov processing system. The Department is also preparing a Request for Qualifications to identify vendors with libraries of examinations that are validated and transportable (appropriate for use for positions in the City of Los Angeles) that could be used for the almost 1000

City job classifications or that could develop tests for specific City job classifications.

The Department also concurs with **Recommendation 9** and regularly evaluates up-coming examinations to determine if administering the exam on a continuous basis is more likely to ensure that the eligible list contains qualified and available candidates.

The Department will, as always, continue to regularly evaluate each classification for which an examination is planned to determine the appropriate requirements and test methodologies (**Recommendation 10**). This effort will be improved with the implementation of the Competency Model program (**Recommendations 5 and 15**), which will provide up-to-date information for each classification.

The Department agrees that the use of seniority credits (**Recommendation 13**) introduces a non-merit factor into the selection process and will discuss with the City Administrative Officer possible ways to eliminate or limit the credits. Eliminating the credits (**13a**) would require a Charter revision, while limiting the credits (**13b**) would require a change to Civil Service Rule 4.10. However, either course of action will require negotiations with the City's employee organizations.

For the City to ensure that it can respond to the challenges of changes in its workforce and accomplish its mission, goals, and objectives and to ensure only the most qualified candidates are at the top of the eligibility list and reachable and to ensure its employees are professionally developed and trained as well as to comply with Administrative Code (Recommendations 2, 11-12, 14, 16-17):

The Personnel Department concurs with **Recommendation 2** and, consequently, has proposed the development and funding of an online training academy to expand training efforts in the City starting in FY 2009-10. In addition, the Department has plans to develop and pilot a Mentor Program, staffing and budget permitting, in support of the succession planning activities. The pilot will be conducted in the Personnel Department with the goal of transferring institutional knowledge, critical skills and expertise from Chief level staff to potential new leaders and managers. Upon completion and assessment, the pilot will serve as a model for other City departments.

Over the years, the Personnel Department has been and continues to be responsive to the performance appraisal (**Recommendations 11 and 12**) needs of the City. However, Personnel has consistently maintained that a mandatory and/or single approach performance appraisal process across all City departments is not feasible for the following reasons:

- (1) Personnel's role is advisory with no enforcement capability;

- (2) Lack of Personnel Department staff to oversee/monitor such a program;
- (3) City departments are better equipped to assess their workers and thus should have the option to develop evaluation instrument to meet their specific needs.

Nonetheless, in its continued effort to promote consistent and uniform performance appraisals in the City, the Personnel Department recently approved and implemented two newly designed performance appraisal forms. These new forms are the culmination of a two-year project (2007-2009) whereby there was a comprehensive review of the City's standard Employee Evaluation Report (PDAS-28).

In conjunction with this project, City departments were surveyed to ascertain their use of and satisfaction with PDAS-28. The conclusion drawn from the survey resulted in the formation of a Performance Appraisal Task Force composed of Personnel Directors from ten City departments. Over a period of months, the Task Force reviewed pertinent City documents, evaluated the appropriateness and effectiveness of PDAS-28, and discussed viable options for enhancing the form. The end result was the creation of two new forms (Employee Evaluation Report - PDAS-28E and Supervisory Evaluation Report – PDAS-28S) to replace PDAS-28.

Subsequent to the approval, the new forms were forwarded to City unions for review and comment. Absence any comments from the Unions, PDAS-28E and PDAS-28S were approved and implemented in May 2008. These forms are available to supervisors and managers on the City's Form Repository.

To provide supervisors and managers support in evaluating employees performance, the Personnel Department developed and distributed the document titled, "Guidelines for Appraising Employee Performance, Updated June 2002." The guidelines, which are available on the intranet, specifically highlight the importance of conducting both probationary and annual employee evaluations. Additionally, core competencies will be made available on the intranet, allowing departments the option of using them in the assessment of employee performance.

The Personnel Department will continue to be responsive to the need to change and/or enhance the City's performance appraisal process.

Consistent with its mandate under the City Administrative Code Section 4.312, the Personnel Department has long worked to provide a general training and professional development program (**Recommendation 14**) for City employees at all levels. Currently, to meet this mandate, the Personnel Department primarily relies on an in-house training program that is contingent on experienced human resources staff. However, in recent years, due to budget constraints, this effort has

been severely hampered as the training staff has been reduced from eight to four individuals, one of whom is due to retire and two who are working on layoffs.

To mitigate the effect staff reductions have had on the training program, the Personnel Department submitted a FY 2009-10 budget request proposing to develop an Online Training Academy program that will enable the Department to deliver training to a greater number of employees for less money. The initial goal of the Online Training Academy program is to train 10,000 employees which is approximately 25% of the City's full-time employees in the following topics: supervision, customer service, EEO, or reasonable accommodations. The proposed program would increase the number of employees trained in these topics from the current fiscal year by 88%.

Beyond FY 2009-10, the long-term goal is to expand the Online Training Academy through the addition of other core courses such as worker's compensation injuries, performance evaluations, and civil service rules (**Recommendation 16**).

The online academy will be hosted by an outside vendor via an internet-based environment allowing employees to be trained from any place with an Internet connection, at any time, and any pace. The core courses will be customized to meet the City's training needs, allowing for the inclusion of core competencies and relevant federal, state and City policies and procedures. A reporting component providing for the monitoring and tracking of employee training will also be a part of the hosted program.

Given the City's current budget climate, Personnel Department believes the pragmatic approach to increase employee knowledge and development is to leverage the use of technology and provide the Online Training Academy.

Incentives for employees who seek training and development opportunities on their own (**Recommendation 17**) could certainly be investigated to supplement the Online Training Academy. However, issues such as availability and affordability for all City employees would need to be addressed before implementation of any incentive.