The Auditor of the City and County of Denver is independently elected by the citizens of Denver. He is responsible for examining and evaluating the operations of City agencies for the purpose of ensuring the proper and efficient use of City resources and providing other audit services and information to City Council, the Mayor and the public to improve all aspects of Denver’s government. He also chairs the City’s Audit Committee and oversees the City’s Comprehensive Annual Financial Report (CAFR).

The Audit Committee is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities of the integrity of the City’s finances and operations, including the integrity of the City’s financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of City operations, thereby enhancing citizen confidence and avoiding any appearance of a conflict of interest.

Audit Committee

Robert Bishop
Maurice Goodgaine
Jeffrey Hart
Timothy O’Brien

Dennis Gallagher
Robert Haddock
Bonney Lopez

Audit Staff

John Carlson, Deputy Director, JD, MBA, CIA, CICA
Heather Darlington, Internal Audit Supervisor, MS, CPA
Kristin Donald, Lead Internal Auditor
Jessica Quintana, Senior Internal Auditor
Emily Gibson, Staff Internal Auditor, MS

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201 W. Colfax Avenue, Dept. 705 • Denver CO, 80202
(720) 913-5000 • Fax (720) 913-5026

Or view an electronic copy by visiting our website at:
www.denvergov.org/auditor
Dear Mr. Bonner and Ms. O’Herron:

Attached is the Auditor’s Office Audit Services Division’s audit report regarding The Career Service Authority Board for the period beginning January 1, 2008 though April 1, 2010. The purpose of this performance audit was to examine and assess the Career Service Authority Board’s practices to identify possible inefficiencies or weaknesses.

While audit work indicated that the Career Services Authority Board has diversity in its knowledge base and its members dedicate a significant amount of time to Board duties I am disturbed by other findings and issues uncovered during the audit, such that I am moved to take particular notice of them here. It seems to me that there is need to increase the Board’s oversight and monitoring of the agency as is expected by the citizens of Denver.

I am particularly disturbed about the failure to ensure that the agency most responsible for developing human resource and personnel policies and rules including effective performance evaluations falls short in executing those evaluations in a timely manner.

A 37% failure rate to execute performance evaluations by CSA – nearly twice the city average - is deplorable. The agency should be leading the city by example instead of lagging behind. I had hoped that your response to our recommendations would have reflected a stronger commitment to ensuring through your oversight a correction to this situation and enhanced oversight of the Authority.

The audit identified other areas for improvement. I hope you will take to heart the recommendations found in the report and let them assist you in your mission to oversee the Career Service Authority.

If you have any questions, please call Kip Memmott, Director of Audit Services, at 720-913-5029.

Sincerely,

Dennis J. Gallagher
Auditor

May 20, 2010
To promote open, accountable, efficient and effective government by performing impartial reviews and other audit services that provide objective and useful information to improve decision making by management and the people.

We will monitor and report on recommendations and progress towards their implementation.
AUDITOR’S REPORT

We have completed our audit of the Career Service Authority (CSA) Board for the period January 1, 2008 through April 1, 2010. The purpose of this performance audit was to examine and assess the CSA Board and to identify possible inefficiencies and opportunities for improvement.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, General Powers and Duties of Auditor, and was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit revealed areas where the CSA Board could enhance monitoring of CSA and increase transparency of CSA’s activities for City employees and the citizens of Denver.

We extend our appreciation to the CSA Board and CSA personnel who assisted and cooperated with us during the audit.

Audit Services Division

Kip Memmott, MA, CGAP, CICA
Director of Audit Services
# TABLE OF CONTENTS

## EXECUTIVE SUMMARY
- Opportunities Exist for the Career Service Authority Board to Enhance the Transparency and Effectiveness of Oversight Activities

## INTRODUCTION & BACKGROUND
- History and Governance
- Current CSA Board Members

## SCOPE

## OBJECTIVE

## METHODOLOGY

## FINDING
- Opportunities Exist for the Career Service Authority Board to Enhance the Transparency and Effectiveness of Oversight Activities

## RECOMMENDATIONS

## APPENDICES
- Appendix A – Budget Book Information
- Appendix B – Example of CSA Board Minutes

## AGENCY RESPONSE
EXECUTIVE SUMMARY

Opportunities Exist for the Career Service Authority Board to Enhance the Transparency and Effectiveness of Oversight Activities

The Career Service Authority (CSA) Board is comprised of individuals with extensive and diverse professional experience. Board members utilize their unique experiences to oversee the CSA. The Board has a critical governance responsibility for protecting and optimizing the City’s most valuable asset, a large percentage of its employee base. Audit work identified areas where the Board can enhance the effectiveness and transparency of oversight activities to meet this important responsibility:

- The Board should ensure that CSA management consistently adheres to the City’s performance evaluation requirements for agency personnel. Audit work revealed that CSA, as the City’s human resource organization, sets a poor example for timely submissions of Performance Enhancement Program Reports (PEPR). An analysis of 2009 forced merit increases found that the City had an average 19% versus 37% for the CSA agency. CSA is in the process of implementing a new PEPR process for all CSA employees. The Board should require regular reporting of PEPR completion rates as one of its key performance metrics for assessing CSA management performance.

- The Board should strengthen and formalize its approach for monitoring and evaluating the performance of the CSA organization, generally, and the CSA Personnel Director, specifically. Audit work determined that current Board monitoring of CSA and its managements’ performance is informal, on a verbal basis and minimally documented.
  - The Board does not regularly review specific formal performance measures necessary for adequately monitoring and assessing the performance of CSA and its management.
  - Current Board meeting minutes lack detail and do not reflect the deliberations and analysis conducted by Board members prior to and during Board meetings to reach decisions required to uphold the integrity and effectiveness of the CSA merit system.
INTRODUCTION & BACKGROUND

History and Governance

In 1954, the citizens of Denver voted to amend the City’s Charter to create the CSA agency and the CSA Board (Board). The CSA Board’s main duties, pursuant to City Charter and the Denver Revised Municipal Code (D.R.M.C.), are to uphold and maintain a merit-based personnel system. Specifically, selection of employees would be based on knowledge, skills and abilities rather than other attributes or patronage. A merit system is a personnel system established on the principle that employment and promotion be based upon merit. If effectively designed and monitored, personnel merit systems result in an efficient and effective work force. Under a merit system, applicants are given a chance to compete and be hired based upon their knowledge, skills, and abilities, without regard to their race, creed, national origin, political affiliation, age, sex, sexual orientation, or disability.

As part of upholding and maintaining the merit-based personnel system, the CSA Board has several powers and duties. For example, the CSA Board is responsible for overseeing the CSA agency, creating and amending personnel rules, making recommendations to City Council regarding compensation and benefits, and appointing the Personnel Director as well as CSA Hearing Officers. Prior to exercising most of their powers, the Board is required to hold a public hearing during a scheduled meeting. The CSA Board holds meetings the first and third Thursday of every month, as necessary. Advance public notice of such meetings, as well as meeting minutes, are required.

Per the City Charter, the Board is comprised of five members who serve staggered terms. There are no term limits for Board members. The Mayor appoints Board members who must be confirmed by the City Council. The City Charter establishes CSA as an independent agency and, as a result, the CSA Board, while appointed by the Mayor, does not report to the Mayor.

1 City and County of Denver Charter § 9.1.1.
2 Career Service Authority (CSA) is Denver’s official human resource agency. Its mission is to maintain a competitive merit system that provides equal employment opportunity to all applicants. Not all City & County of Denver employees fall under CSA rules. For example, appointees and certain members of the Police and Fire Departments services are not CSA employees. The Denver Civil Service Commission is responsible for administering the testing process for entry-level and promotional positions within the Denver Fire and Police Departments, policy administration, and hearing disciplinary appeals of classified members.
4 The full scope of CSA Board functions are outlined in City Charter § 9.1.1, D.R.M.C Chapter 18, and CSA Rule 2.
Current CSA Board Members

There are currently four Board members and one vacant board position. The Board members, as a whole, provide extensive human resource and personnel management experience and knowledge to the City and County of Denver.

Tom Bonner

The Board’s Co-Chair, Mr. Bonner, is a retired City employee of twenty-five years. Mr. Bonner has worked at various levels within the City, including management. His background is mainly in purchasing and contract administration. Since retirement, Mr. Bonner has acted as a contract consultant for several national companies.

Felicity O’Herron

Ms. O’Herron is the Vice President of Human Resources for Qwest Communications and is responsible for the operation of all compensation and benefit programs, staffing and recruiting and human resource systems. Ms. O’Herron holds a law degree from Columbus School of Law, Catholic University of America in Washington D.C and has nineteen years of experience in human resource and law. She is currently the Board’s Co-Chair.

Patti Klinge

Ms. Klinge has thirty years of human resource experience in the manufacturing, finance and telecommunications industries and is currently a partner and psychotherapist at a private practice. She has a Masters in Counseling Psychology from University of Colorado Denver, a Masters from Michigan State University in Labor and Industrial Relations, and a Bachelors of Science degree in Sociology.

Nita Mosby-Henry

A two-time appointed Board member, Ms. Mosby-Henry is the founder and Director of The Kaleidoscope Project and has over twenty-four years of experience at various corporations, mainly in the health care industry. She also is an accredited consultant for clients including various boards, human resource organizations and executive leadership. Ms. Mosby-Henry holds a Doctorate in the field of Organizational Leadership, a Master of Arts degree in Management and a Bachelor of Science degree in Education.

Vacant

The fifth Board position is currently in the process of being filled by the Mayor’s Office. The Mayor’s Office solicits resumes for the open Board position, and a panel reviews the resumes to make recommendations to the Mayor. The Mayor conducts the interviews and makes his appointment to City Council.
SCOPE

The audit examined the role and responsibility of the CSA Board for the period January 1, 2008 to April 1, 2010. In addition to the general CSA Board governance requirements and approach, the audit scope included a review of the Board’s involvement in the following three areas:

- **Human Resources Shared Services** – The City is implementing a shared service model for internal support areas of customer service, human resources, payroll, procurement, pay, and technology services. CSA is responsible for implementing the shared human resource services initiative for the City. The process involves an evaluation of each City agency’s current staffing practices and needs in these areas, followed by a service level agreement between the agency and CSA based on the evaluation and solution design. The City is implementing the shared services initiative to reduce duplication of effort and to centralize processes and controls in order to free up resources to focus on core business goals and services.

- **Pay Survey** – The City Charter and Denver Revised Municipal Code requires the Board to conduct an annual pay survey. The survey’s purpose is to help ensure that all City employees receive generally prevailing wages. To conduct the survey, CSA’s Classification, Compensation and Benefits Division compares job positions and pay rates with other municipalities and private businesses in the Denver metro and surrounding areas. CSA presents the results of this survey including pay adjustment recommendations for certain job classifications to the Board during a public hearing. City Council must approve any pay adjustment recommendations adopted by the Board on or before May 1 of each year. Approved pay adjustments become effective July 1 of the current year or January 1 the following year, depending on the type of pay adjustment.

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5 D.R.M.C. § 18-5 (d) Audit of survey methodologies and recommendations provides:

In 2006 and not less than once every four years thereafter, the mayor shall commission an independent audit of survey methodologies, determinations regarding generally prevailing rates and prevailing practices, and recommendations regarding pay rates and benefits made by the career service board or the career service personnel director in the preceding year. Results of the independent audit shall be provided by the mayor to the city council, the career service board and the career service personnel director.
- **Performance Enhancement Program Reports (PEPR) Process** – CSA is in the process of implementing a new citywide PEPR program. The new program is intended to enhance the City’s performance evaluation process and related communications. Additionally, the new project seeks to:
  - Simplify the PEPR forms;
  - Increase the number of available ratings from three to five effective January 1, 2010;
  - Create citywide consistency;
  - Document understandable, agreed-upon goals; and
  - Increase PEPR timeliness.

By the end of April 2010, all agency supervisors should have completed new PEPR process training provided by CSA.

**OBJECTIVE**

The objectives of this audit were to assess the effectiveness of the CSA Board in executing its mission and related legal responsibilities.

**METHODOLOGY**

We utilized several methodologies to achieve the audit objective. These evidence-gathering techniques included, but were not limited to the following:

- Reviewing laws, rules and regulations;
- Reviewing Board minutes and agendas;
- Interviewing the Board;
- Interviewing CSA staff;
- Attending Board meetings;
- Reviewing supporting documentation; and
- Reviewing documentation provided to the Board.

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6 Under the previous PEPR process, the available ratings were Exceptional, Successful and Needs Improvement. The new process offers a five-point rating systems comprised of: Outstanding, Exceeds Expectations, Successful, Below Expectations and Failing.
FINDING

Opportunities Exist for the Career Service Authority Board to Enhance the Transparency and Effectiveness of Oversight Activities

The Career Service Authority (CSA) Board, as a whole, has extensive and diverse personnel and human resource management experience. Board members utilize such experience to oversee the City’s CSA. The Board has a critical governance responsibility for protecting and optimizing the City’s most valuable asset, a large percentage of its employee base.

Audit work identified areas where the Board can enhance the effectiveness and transparency of oversight responsibilities. Specifically, audit work determined that limited documentation exists related to the Board’s activities and decisions. Additionally, the Board lacks a formal review of performance measures and outcomes, necessary for adequately monitoring and assessing the performance of CSA.

Board Should Ensure That CSA Management Performs Effective and Timely Employee Performance Evaluation

CSA is in the process of implementing a new PEPR process as a result of feedback received on the employee survey regarding PEPR satisfaction. The CSA Board currently receives verbal updates about the implementation of the new PEPR process as each phase is completed. Although the CSA board is verbally updated on a continuous basis about the PEPR implementation, they do not receive statistics regarding PEPR timeliness on a regular basis.

Based on our testing of PEPR data, we found that the CSA agency has had an ongoing problem with submitting timely PEPRs. However, the Board only receives statistics about PEPR timeliness when they ask the CSA director for an update. An analysis of forced merit increases found that the CSA agency had a 28% forced merit increase rate for 2007. That number increased by 11% to 39% for 2008 and slightly dropped in 2009 to 37%. During 2009, the CSA agency’s average of forced merit increases was 18% higher than the City as a whole. The City had an average forced merit increase rate of 19% while the CSA agency had 37%. Below is a chart that shows the CSA agency compared to all CSA employees in the City.

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7 The Denver Employee Survey is conducted by CSA. The survey polls City employees regarding various workplace topics.
8 CSA Rule 13-60(C), “If a PEPR is not received in the office of CSA within thirty(30) calendar days after the merit date, a merit increase, equivalent to the step the employee would have received for a “successful” rating, shall be granted retroactively to the merit date.”
Forced Merit Increases for All CSA Agency Employees Versus All CSA Citywide Employees

<table>
<thead>
<tr>
<th></th>
<th>CSA Agency</th>
<th>Citywide CSA Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007 Total CSA Agency Employees</strong></td>
<td>81</td>
<td>7,725</td>
</tr>
<tr>
<td>Percentage Total</td>
<td>28%</td>
<td>Citywide Percentage</td>
</tr>
<tr>
<td><strong>2008 Total CSA Agency Employees</strong></td>
<td>84</td>
<td>8,620</td>
</tr>
<tr>
<td>Percentage Total</td>
<td>39%</td>
<td>Citywide Percentage</td>
</tr>
<tr>
<td><strong>2009 Total CSA Agency Employees</strong></td>
<td>83</td>
<td>9,194</td>
</tr>
<tr>
<td>Percentage Total</td>
<td>37%</td>
<td>Citywide Percentage</td>
</tr>
</tbody>
</table>

Without reviewing detail regarding causes for the high rate of forced evaluations, the Board cannot assess the effectiveness of the City’s performance evaluation process for CSA agency employees and CSA employees in other City departments. Without such an understanding, the Board is limited in its ability to uphold key principles of the City’s merit system including ensuring that CSA employees are being properly and equitably evaluated, promoted, disciplined and developed.

**Board Can Increase Oversight of CSA Performance and Enhance Transparency of Board Governance**

The Board needs to strengthen and formalize its approach for monitoring and evaluating the performance of the CSA organization, generally, and the CSA Personnel Director, specifically. Audit work determined that current Board monitoring of CSA and its managements’ performance is generally informal and often on a verbal basis.⁹

The City’s Adopted Budget contains performance measures for CSA. Examples include percent of pay survey recommendations approved by CSA Board and City Council, average number of days to complete a job audit, number of CSA

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⁹ D.R.M.C. § 2-33 provides:
(a) All meetings of a quorum of a public body shall be open to the public.
(b) No chance meeting or social gathering shall be used to circumvent the intent or the provisions of this article.

The Board consistently observes this rule and structures its meeting with the necessary formality. Additionally, the Board adheres to CSA Rule 2 governing meeting specifics, including advance notice of public meetings. However, the updates provided by the CSA Personnel Director and other CSA employees to the Board during formal meetings are generally informal, lack discussion of detailed metrics and at times consist of only a brief conversation.
rules revised, and percent of employees who indicate on the customer survey that they are satisfied with CSA communications.\(^\text{10}\) With the exception of the measurements specific to the Hearing Officers, the Board does not review these metrics on a regular basis.

The Board monitors the Hearing Officers and the appeals process through formal quarterly performance measure reports delivered during Board meetings. Additionally, the performance measurement outcomes are included as part of the Hearing Officers’ annual PEPRs.

In contrast, the CSA Director’s performance is based on verbal reports given at Board meetings and performance measures related to CSA responsibilities and actions for areas other than the Hearing Office function are not monitored regularly or included and assessed as part of the Director’s annual PEPR. Documented data regarding progress on the performance measures are only provided to the Board when they request the information.

The Board completed the CSA Personnel Director’s two prior PEPRs in November 2008 and December 2009. The PEPRs provide a written overview of annual performance. Specifically, the 2008 PEPR includes a memorandum from the Board highlighting performance for the preceding twelve months, “2007-2009 Strategic Goals and Objectives” statement and “2007-2008 Projects and Initiatives” summary. The 2009 PEPR includes a memorandum from the Board highlighting performance for the preceding twelve months, “Annual Performance Review” memorandum written by the CSA Personnel Director and “2010 Performance Goals” prepared by the CSA Personnel Director. However, the PEPRs, including all the supporting documents, do not include specific performance measures or measurement timeframes.

Further, the frequency of which the Board receives project updates during meetings varies. For example, the Board may receive a presentation from CSA staff during a Board meeting for certain projects but, for other initiatives, the Board only receives a short synopsis during the Director’s briefing at Board meetings. However, while undocumented in meeting minutes, according to Board members, the Board does monitor various CSA activities through phone calls, emails and meetings including executive sessions. These monitoring activities performed outside the Board meetings are not transparent to employees or citizens.

Auditors performed an analysis of the CSA Board meeting minutes for the years 2008 and 2009.\(^\text{11}\) During this time, the CSA Board voted on 105 items including but not limited to personnel rule changes, changes to prevailing wage rates, changes to job classifications and pay rates and changes to employee benefit

\(^{10}\) See Appendix A for a complete list of Budget Book performance measures.

\(^{11}\) See Appendix B for an example of meeting minutes.
No items voted on during this period failed to pass and only five items were tabled, two of which ultimately were voted on at a later date and passed. In addition, only five items voted on in the two years were not voted on unanimously. In other words, the Board passed 95% of items voted on in 2008 and 2009 during the first vote and 93% of all votes were unanimous. The following chart illustrates the voting statistics for items passed in 2008 and 2009.

Overall, Board minutes documented discussion related to proposed changes for only 30% of the 105 items voted on during the two-year period. Despite the voting statistics depicting limited CSA Board involvement, CSA Board members stated that they conduct lengthy discussions and request clarification prior to meetings. Typically, the CSA Executive Assistant provides the Board members with background information for potential rule changes three days before a Board meeting. This provides the Board with time to review the materials and request any additional information prior to the meeting. At times, the Board member contacts the CSA employee who prepared the materials directly to discuss any concerns or obtain additional information. However, meeting minutes do not contain information regarding these efforts.

Further, auditors noted several occasions where minutes do not include topics discussed at meetings. For example, minutes for the December 17, 2009 meeting

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12 Based on Auditors’ judgment of the voted on topics during this period, approximately 60% of the items were considered to have a potential financial impact. Items considered to have a financial impact include changes to pay grades, benefit providers, prevailing wages, rules regarding employee leave and fund (de)consolidations. Some decisions, despite having a potential financial impact, including those related to prevailing wages, are ministerial in nature. These decisions simply adhere to ordinance requirements and do not require active discussion by the Board as to the merits of the proposed change.

13 Tabled items are rulings that are postponed indefinitely.

14 Two tabled items did not include a vote count in meeting minutes.
did not note a presentation given by CSA Recruiting. Additionally, the February 4, 2010 meeting minutes lacked documentation for the following items discussed: workplace safety, training needs assessments, recruiting and the new CSA strategic plan.

Comprehensive minutes would provide employees and citizens information that supports decisions and other activities involving the Board. Board members acknowledged that they had never viewed meeting minutes from an employee’s perspective. Ensuring the employees and citizens have meaningful information regarding the Board’s actions would provide greater transparency and highlight the Board’s efforts.

15 Discussion occurred at Board meetings attended by Auditors as part of the public meeting February 5, 2010 and March 18, 2010 after public meeting.
RECOMMENDATIONS

We offer the following recommendations to assist the Board in enhancing monitoring of CSA and increasing transparency of CSA’s activities to City employees and the citizens of Denver:

1. Review documented statistics regarding PEPR timeliness for the CSA agency, as well as for citywide employees, quarterly. Without reviewing these statistics, the Board may be unaware of how pervasive this problem is at a given point in time, specifically for the CSA agency. Additionally, performance goals for PEPR timeliness should be incorporated into the Budget Book performance measures.

2. Enhance the Board’s meeting activity to include the following:

   - The Board should require the CSA Director to report quarterly on the progress of CSA initiatives and Budget Book performance measures. Reports should include supporting documentation and data for such measures. This will provide the Board with complete and current information necessary to provide strong guidance.

   - The Board should consider an annual meeting focusing on CSA employees to discuss CSA’s Strategic plan and include performance measurements for the initiatives completed during the year. This would increase employee and citizens’ awareness of Board activities and decisions during the year.

   - The Board should enhance details in Board meeting minutes to document salient issues addressed. Minutes should generally include pertinent items discussed and references to supporting documentation and data, excerpts from the Director’s briefing comments and Board member discussions including efforts made prior to the meeting. These enhancements will provide a meaningful record of Board oversight activities and decisions.
APPENDICES

Appendix A – Budget Book Information

Career Service Authority

Human Resources Operations Division
- Created a new division in May 2009 to provide HR services to participating agencies/departments across the City. The Department of Parks and Recreation will be the initial focus of this division. Future support may be provided to the agencies which currently do not have HR support as part of the Shared Services effort.
- Considered HR and Safety operations for the Department of Parks and Recreation, downsizing from 15 positions to nine.

Strategic Initiatives

CSA Administration
- Develop a budgetary approach that focuses on program performance and document needs as opposed to annual incremental increases. (Fiscal)
- Ensure that funding and personnel resources are properly distributed to enable the agency to meet its goals. (Fiscal)

Classification, Compensation and Benefits
- Initiate a Classification maintenance study of the supervision and management classes. (Internal Process)
- Implement Phase 1 of the Total Compensation Study recommendations. (Workforce)
- Conduct and implement the 2010 Fry Survey recommendations. (Workforce)
- Conduct and share the 2010 Market Analysis for the Deputy Sheriff. (Workforce)
- Conduct an audit of dependents enrolled in the medical plans. (Healthy and Successful Lives)
- Implement the 2011 Medical and Dental Plan renewals. (Healthy and Successful Lives)
- Implement the 2010 City-wide Wellness Initiative. (Healthy and Successful Lives)

Workforce Management
- Continue to enhance a recruiting strategy plan to attract, recruit, and retain the best talent in the City by improving processes and building efficiencies into the workflow. (Workforce)
- Develop an inclusive recruitment program (Diversity) as a recruitment and retention tool. (Workforce)
- Continue to develop valid and reliable employment testing methods and standards. (Workforce)
- Implement organizational charting software to pilot agencies for workforce planning. (Workforce)

Employee Relations and Organizational Effectiveness
- Develop and implement an overall employee performance evaluation strategy which promotes efficiency, consistency, and fairness. (Workforce)
- Develop a more efficient manner of processing personnel action forms by improving workflow and better utilizing available technology. (Internal Process)
- Create and implement a formal needs assessment tool to be used to identify and implement organizational development strategies to improve employee morale and productivity. (Internal Process)
- Develop a strategy that uses technology to enhance learning management for City employees, including measuring and evaluating the impact of training on the services and the careers of employees. (Internal Process)

Communication and Employee Recognition
- Brand all agency communications and market new programs and services to specific audiences whenever possible. Continue outreach to employees who do not have online access at work. (Workforce)
- Continue to work with the various agencies and departments to create and implement a more effective internal City-wide communications program. (Internal Process)
### Performance Measures

<table>
<thead>
<tr>
<th>Administration</th>
<th>2008 Actual</th>
<th>2009 Estimated</th>
<th>2010 Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of internal employees who indicate on the Administration Mini-Survey that they are satisfied with their service</td>
<td>91%</td>
<td>90%</td>
<td>90%</td>
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</table>

<table>
<thead>
<tr>
<th>Classification, Compensation and Benefits</th>
<th>2008 Actual</th>
<th>2009 Estimated</th>
<th>2010 Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of employees who indicate on the customer survey that they are satisfied with benefits offered</td>
<td>93%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Percent of pay surveys recommended/approved by the CSA</td>
<td>92%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Errors in pay survey pay tables</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Average number of days to complete a job audit</td>
<td>35 days</td>
<td>32 days</td>
<td>30 days</td>
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</table>

<table>
<thead>
<tr>
<th>Workforce Management</th>
<th>2008 Actual</th>
<th>2009 Estimated</th>
<th>2010 Objective</th>
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<tbody>
<tr>
<td>Average cycle time to fill a position - Exempt</td>
<td>45 days</td>
<td>45 days</td>
<td>40 days</td>
</tr>
<tr>
<td>Average cycle time to fill a position - Non-Exempt</td>
<td>30 days</td>
<td>30 days</td>
<td>30 days</td>
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<thead>
<tr>
<th>Employee Relations and Organizational Development</th>
<th>2008 Actual</th>
<th>2009 Estimated</th>
<th>2010 Objective</th>
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</thead>
<tbody>
<tr>
<td>Number of Career Service Rules reviewed</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Number of seats filled in training classes</td>
<td>7,878</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Satisfaction with CSA training programs (on 5 pt scale)</td>
<td>4.65</td>
<td>4.65</td>
<td>4.65</td>
</tr>
<tr>
<td>Number of personnel actions processed</td>
<td>24,017</td>
<td>24,000</td>
<td>24,000</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Communication and Employee Recognition</th>
<th>2008 Actual</th>
<th>2009 Estimated</th>
<th>2010 Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of employees who indicate on the customer survey that they are satisfied with CSA’s communications</td>
<td>58%</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td>Number of articles submitted to the Insight Newsletter</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
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### Budget Highlights

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>2008 Actual</th>
<th>2009 Appropriated</th>
<th>2010 Recommended</th>
<th>$ Change</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Personnel Services</td>
<td>$5,617,858</td>
<td>$5,820,445</td>
<td>$5,720,743</td>
<td>($91,702)</td>
<td>(1.6%)</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>449,007</td>
<td>566,521</td>
<td>592,966</td>
<td>(3,555)</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Capital Equipment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Internal Services and Misc.</td>
<td>119,773</td>
<td>126,619</td>
<td>11,291</td>
<td>(45,328)</td>
<td>(35.0%)</td>
</tr>
<tr>
<td>Budget Savings</td>
<td>0</td>
<td>121,312</td>
<td>0</td>
<td>(121,312)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,186,678</strong></td>
<td><strong>$6,664,900</strong></td>
<td><strong>$6,403,000</strong></td>
<td><strong>($261,900)</strong></td>
<td><strong>(3.9%)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>2008 Actual</th>
<th>2009 Appropriated</th>
<th>2010 Recommended</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$1,087,973</td>
<td>$1,260,132</td>
<td>$873,074</td>
<td>($387,058)</td>
<td>(30.6%)</td>
</tr>
<tr>
<td>Training</td>
<td>4,111</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>HR Operations</td>
<td>0</td>
<td>0</td>
<td>1,088,328</td>
<td>1,088,328</td>
<td>0.0%</td>
</tr>
<tr>
<td>Workforce Management</td>
<td>1,555,859</td>
<td>2,113,133</td>
<td>1,147,135</td>
<td>(965,946)</td>
<td>(45.7%)</td>
</tr>
<tr>
<td>Classification, Compensation, and Benefits</td>
<td>1,556,595</td>
<td>1,671,105</td>
<td>1,699,123</td>
<td>28,020</td>
<td>1.7%</td>
</tr>
<tr>
<td>Employee Relations &amp; Org</td>
<td>1,245,456</td>
<td>1,264,113</td>
<td>1,295,904</td>
<td>1,791</td>
<td>0.1%</td>
</tr>
<tr>
<td>Development</td>
<td>238,826</td>
<td>262,349</td>
<td>297,278</td>
<td>(38,932)</td>
<td>(15.0%)</td>
</tr>
<tr>
<td>Communication and Marketing</td>
<td>238,826</td>
<td>262,349</td>
<td>297,278</td>
<td>(38,932)</td>
<td>(15.0%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,186,678</strong></td>
<td><strong>$6,664,900</strong></td>
<td><strong>$6,403,000</strong></td>
<td><strong>($261,900)</strong></td>
<td><strong>(3.9%)</strong></td>
</tr>
</tbody>
</table>
Independent Agencies

Hearing Office 01010-0603000

Agency Description

The Hearing Office for the Career Service Board is the administrative forum created by Denver City Charter §9.1.1 for employee appeals from agency actions, as set forth in Career Service Rule 19-10. The Hearing Office conducts all hearings authorized by Career Service Rule 19 and makes decisions resolving the issues raised in the appeal. It administers the Workplace Mediation Program and reports directly to the Career Service Authority Board.

Mission

The Career Service Hearing Office endeavors to provide a fair, neutral, and efficient process for appeals for Career Service employees, and provides free and prompt mediation services for employment disputes of City and County employees.

Recent Accomplishments

- Co-designed, with Records Custodian/Program Coordinator, uniform procedures for calendaring and monitoring petition for review process, using Law Toolbox calendaring software and email transmission of documents.
- Implemented change from paper to flash drive storage of records on petition for review, generating cost savings and greater ease of use by the board, parties, and attorneys.
- Achieved 74 percent settlement rate for cases referred to CSA Mediation Program for settlement.
- Trained ten new mediator volunteers employed in several large city agencies, and began a program to train new supervisors to practice active listening and informal dispute resolution in the workplace.

Strategic Initiatives

- Expand use of mediation by issuing updated brochure and holding meetings with employee groups and agency decision-makers (Internal Processes)

Performance Measures

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>2008 Actual</th>
<th>2009 Estimated</th>
<th>2010 Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of appeals set for hearing within 60 days of file date</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Percent of decisions issued within 45 days of close of record</td>
<td>94%</td>
<td>94%</td>
<td>90%</td>
</tr>
<tr>
<td>Percent of orders issued within 48 hours of response time</td>
<td>95%</td>
<td>95%</td>
<td>85%</td>
</tr>
</tbody>
</table>
Appendix B – Example of CSA Board Minutes

Career Service Authority Board Meeting #2135

MINUTES
Thursday, January 7, 2010
5:15 P.M.
Webb Municipal Building
201 W. Colfax, Fourth Floor, Room 4.G.2

Luis Toro (Co-Chair)
Tom Bonner (Co-Chair)
Felicity O’Herron
Nita Henry
Patti Klinge

I. Opening: The Board meeting opened at 5:19 p.m.
1. Approval of the Agenda for the January 7, 2010 Board Meeting
   The Board unanimously approved the agenda for the January 7, 2010 meeting.
2. Approval of the Minutes for the December 17, 2009 Board Meeting
   The Board unanimously approved the minutes for the December 17, 2009 meeting.

II. Board Comments: None

III. Director’s Briefing:
1. Director Dolan informed the Board that DMA would be coming before the Board on January 21, 2010 to present the consolidation codes.

IV. Public Comments: None

V. Approval to Post:
1. Revision of list of first-line supervisor classifications requiring supervisory training in Rule 8.
   Peter Garrit from CSA presented the information to the Board for approval.
   The Board unanimously approved the proposal for posting.
VI. Public Hearing:

1. Public Hearing Notice No. 406 – Revisions to Career Service Rules 2 and 5 containing a definition of the merit system.

   Peter Garrit from CSA presented the information to the Board for approval.

   The Board approved Public Hearing Notice No. 406 on a 4-1 vote with Board Member Toro voting against.

VII. New Cases: None

VIII. Pending Cases:

1. Corey S. Pat v. Department of Safety, Appeal No. 07-09

   The Board affirmed the Hearing Officer’s decision on a 4-0 vote with Board Member O’Herron abstaining.

IX. Executive Session:

   The Board went into Executive Session at 6:00 p.m. to discuss a pending case and personnel matters.

   The Board re-opened the Board Meeting at 6:36 p.m.

X. Adjournment:

   The Board adjourned the Board Meeting at 6:36 p.m.
AGENCY RESPONSE

May 5, 2010

Mr. Kip R. Memmott, MA, CGAP, CICA
Director of Audit Services
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado  80202

Dear Mr. Memmott:

The Office of the Auditor has conducted a performance audit of the Career Service Authority Board for the audit period beginning January 1, 2008 through April 1, 2010.

This memorandum provides a written response for each reportable condition noted in the Auditor’s Report final draft that was sent to us on April 14, 2010. This response complies with Section 20-276 (b) of the Denver Revised Municipal Code (DRMC).

AUDIT FINDING(S): Opportunities Exist for the Career Service Authority Board to Enhance the Transparency and Effectiveness of Oversight Activities

RECOMMENDATION 1: Review documented statistics regarding PEPR timeliness for the CSA agency, as well as for citywide employees, quarterly. Without reviewing these statistics, the Board may be unaware of how pervasive this problem is at a given point in time, specifically for the CSA agency. Additionally, performance goals for PEPR timeliness should be incorporated into the Budget Book performance measures.

➢ RESPONSE/ACTION PLAN:

<table>
<thead>
<tr>
<th>State your agreement or reason for disagreement with Recommendation</th>
<th>Target date to complete implementation activities (Generally expected within 60 to 90 days)</th>
<th>Name and phone number of primary individual responsible for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGREE</td>
<td>90 DAYS</td>
<td>Bruce Backer Comp &amp; Class Director 720-913-5168</td>
</tr>
</tbody>
</table>
The Board recognizes the need for CSA and the City to improve the completion of performance evaluations in a timely and accurate manner. As such, CSA recently completed a modernization of the City’s PEPR system that includes moving to a more concise reporting format, enhanced rating system, a common review date so all evaluations are due at the same time and soon a technology solution – all designed to make it easier to accurately evaluate and motivate the City’s workforce. The agency will provide quarterly reports including statistics on timeliness to the Board for closer observation during this transition.

**RECOMMENDATION 2:** Enhance the Board’s meeting activity to include the following:

- The Board should require the CSA Director to report quarterly on the progress of CSA initiatives and Budget Book performance measures. Reports should include supporting documentation and data for such measures. This will provide the Board with complete and current information necessary to provide strong guidance.
- The Board should consider an annual meeting focusing on CSA employees to discuss CSA’s Strategic plan and include performance measurements for the initiatives completed during the year. This would increase employee and citizens’ awareness of Board activities and decisions during the year.
- The Board should enhance details in Board meeting minutes to document salient issues addressed. Minutes should generally include pertinent items discussed and references to supporting documentation and data, excerpts from the Director’s briefing comments and Board member discussions including efforts made prior to the meeting. These enhancements will provide a meaningful record of Board oversight activities and decisions.

**RESPONSE/ACTION PLAN:**

<table>
<thead>
<tr>
<th>State your agreement or reason for disagreement with Recommendation</th>
<th>Target date to complete implementation activities (Generally expected within 60 to 90 days)</th>
<th>Name and phone number of primary individual responsible for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGREE/DISAGREE/AGREE</td>
<td>SEE BELOW</td>
<td>SEE BELOW</td>
</tr>
<tr>
<td>AGREE</td>
<td>90 DAYS</td>
<td>Jeff Dolan, CSA Director 720-913-5168</td>
</tr>
</tbody>
</table>

The Board currently holds two meetings a month where CSA staff appears at regular intervals to provide Board members with progress reports. In addition, the Board may attend internal staff meetings for updates on initiative progress. Much
of the agency operational updates are communicated to the Board through internal staff meetings instead of public meetings, pursuant to and in accordance with Article 2-33 C2 of the Denver Revised Municipal Code. These are regularly conducted at the conclusion of Executive Sessions at Board meetings. As such, Board members believe they are effectively apprised of agency issues, challenges and progress.

However, the Board takes note of the Auditor’s Office concerns regarding quantitative reports and believes they provide an opportunity for improved communication and enhanced transparency with the City workforce. The Board will work with CSA Director and CSA staff to develop a process for analysis of key measures. The Board will work with staff to develop such indices within the next 90 days.

| DISAGREE | N/A | N/A |

CSA staff provides Career Service Board members with regular reports during Board meetings held twice a month as well as reports, strategic plans and budget overviews on an annual basis. In addition, the CSA Executive Director holds monthly all-staff meetings and reports any issues to the Board. The Board supports the CSA Director in his management of staff and has attached the last two performance evaluations for the audit committee’s review. Again, Board members believe they are effectively apprised of initiatives, goals and performance.

| AGREE | IMMEDIATELY | Leon Duran,  
Exec. Asst  
720-913-5168 |

The Board had previously directed CSA staff to shorten minutes to make them more concise and more readable based on feedback from City employees. However, it is now apparent from the Auditor’s observation that in doing so the minutes lack relevant details. For example, Board members often allude to interactions that have taken place outside the formal Board meeting (phone calls, internal meetings, etc.). The Board has instructed CSA staff to take necessary steps as soon as possible to ensure this is corrected, and this may well add the clarification addressed in the previous two items.

Thank you for the opportunity to respond to the Audit report. The Board proudly supports the progress and direction of the agency as CSA becomes more aligned with the City, it’s employees and as such the City’s ability to better provide for and meet the needs of Denver’s citizens. CSA staff has been instrumental in bringing change to the
City in its move to a shared services model, a modernization of the total compensation system, revisions and enhancements to the performance evaluation program in addition to many others citywide initiatives.

In addition, the Board would like to thank the Auditor’s Staff for their professionalism and courteous interactions during this process.

Thank you for your assistance. Please contact Tom Bonner (303) 715-9127 with any questions.

Sincerely,

Tom Bonner, Co-Chair
Felicity O’Herron, Co-Chair
Career Service Board
City and County of Denver

cc: Ms. Patti Klinge, Career Service Board Member
Ms. Nita Mosby-Henry, Career Service Board Member
Linda Davison, Assistant City Attorney
Mr. Jeff Dolan, Career Service Authority Executive Director