



Fairfax County Internal Audit Office

**Department of Human Resources
Business Process Audit – Employee Evaluations
Final Report**

February 2006

"promoting efficient & effective local government"

Background

As part of prior business process audits, we repeatedly found that individual agencies were not completing employee evaluations in a timely manner. Late evaluations can potentially have a negative effect on employee morale and require resources at individual agencies and the Department of Human Resources (DHR) to be used in processing pay adjustments. This audit was conducted to determine the state of employee evaluations on a county-wide basis and to determine whether there were any consistent reasons for being late. There were 18 agencies that had a late percentage exceeding 25% and/or had evaluations past due 180 days or more. Each of these agencies was reviewed, as were two agencies that had exceptionally timely evaluations to determine what procedures they had implemented to successfully manage the evaluation process.

Prior to beginning the audit, we met with the Department of Human Resources to gain an understanding of the evaluation process. DHR indicated that quarterly evaluation reports are being sent to the County Executive, the Deputy County Executives, the Chief Financial Officer, the Chief Information Officer, and department heads. It was also noted that the new SAS system will enable departments to generate reports more easily and better monitor their individual processes. In addition to the new report availability, a pilot began in May 2005 whereby email reminders would be sent to supervisors as a reminder of evaluations due. As of the date of this report, the pilot has been successful and received positive feedback. The process is currently scheduled to be rolled out county-wide in January 2006.

Executive Summary

Our review focused on analyzing the causes of late evaluations and whether the size of assigned staff or having a multi-rater process in place directly affected the percentage of late evaluations. We reviewed the justification for late evaluations and found no statistical link between the number of late evaluations and either the number of staff assigned to a supervisor or having a multi-rater process. We also noted that there was no correlation between the number of late evaluations and those agencies that did not include evaluation timeliness in supervisors' performance elements.

In fact, the audit revealed no overwhelming, consistent reasons for not completing employee evaluations in a timely manner. However, given the high number of agencies that had significant numbers of late evaluations, continued emphasis should be placed by DHR and senior management on making timely evaluations a priority. We recommend that DHR continue in their efforts to provide agencies timely information to support a strong performance evaluation process. In addition, we recommend that senior management continue to hold directors accountable for the pay for performance processes within their individual agencies.

Scope and Objectives

This audit was performed as part of our fiscal year 2005 Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. Our audit objective was to determine whether evaluations were completed in a timely manner.

The audit was limited to a review of employee performance evaluation timeliness. Departments with a high volume of late evaluations for fiscal year 2005, as of February 25, 2005, were selected for review. The FY 2005 county-wide average of late reviews was 17.05%, and we selected those agencies whose percentages exceeded 25%. In addition, all employee evaluations exceeding 180 days past due were selected for review to determine the basis for lateness.

Methodology

Our audit approach included interviewing appropriate personnel and reviewing the procedures in place for the pay for performance in each department. A statistical analysis was also performed to determine the existence of a cause for high levels of late evaluations. We utilized information maintained in the PRISM system to calculate the percentage of late evaluations completed based on total evaluations assigned for all County agencies for fiscal years 2002, 2003, 2004, and 2005, as of February 19, 2005.

We utilized information maintained in PRISM but did not examine the system controls. Our sample selection and statistical analysis relied on the data extracted from the system; therefore this was a scope limitation. The potential impact of this circumstance on our results was that some portion of data was erroneous.

The Fairfax County Internal Audit Office is free from organizational impairments to independence in our reporting as defined by generally accepted government auditing standards. We report directly to and are accountable to the County Executive. Organizationally, we are outside the staff or line management function of the units that we audit. We report the results of our audits to the management of the department under review, the County Executive, and the Board of Supervisors, and reports are available to the public.

Results of Testing Performed

1. We reviewed 18 agencies with a percentage late greater than 25% and/or with evaluations exceeding 180 days. All agencies were familiar with the County guidelines for pay for performance and our review of their internal process revealed the following:
 - 11 or 61% of the agencies did not have documented internal procedures
 - Only four agencies used a multi-rater process
 - Supervisors/employees of two or 11% of the agencies had not attended the DHR sponsored pay for performance training

- Supervisors/employees of nine or 50% of the agencies had not attended the DHR sponsored pay for performance refresher training
- Five or 28% of the agencies did not have evaluations as a performance measure for supervisors
- All agencies indicated that they were aware that PRISM reports were available on-line via Document Direct

All agencies were asked to provide reasons for the trend of late evaluations in their agency. While a few indicated that evaluations were listed as late due to appeals, extended leave and civil service hearings, many of the reasons were unverifiable. These included, but were not limited to, the following:

- Rating negotiations between the employee and supervisor
- Interoffice mail delivery problems
- Oversight/didn't know the evaluation was due
- Seasonal workload issues
- Staff vacancies/vacant supervisory position
- Supervisor pre-occupied with other work
- Employee did not provide the information needed to complete the evaluation
- Timeliness not stressed by management

2. We performed a correlation analysis to determine if there existed an underlying cause for late evaluations. A correlation analysis measures the relationship between two data sets that are scaled to be independent of the unit of measurement. The correlation analysis tool can be used to determine whether two ranges of data move together — that is, whether large values of one set are associated with large values of the other (positive correlation), whether small values of one set are associated with large values of the other (negative correlation), or whether values in both sets are unrelated (correlation near zero).

We analyzed the relationships between the following datasets based on county-wide information:

- Total late evaluations completed by a supervisor and the total number of evaluations assigned to the supervisor
- Percentage of late evaluations completed by an agency and the use of a multi-rater process
- Percentage of late evaluations completed by an agency and evaluations being part of the performance measures for supervisors in an agency

The analysis did not indicate a strong relationship among any of the datasets.