

Department of Personnel

Audit Highlights



Highlights of Legislative Auditor report on the Department of Personnel, issued on September 10, 2002. Report # LA02-27.

Purpose of Audit

The purpose of this audit was to determine if the state's personnel practices ensure a highly qualified financial management workforce. This audit included an evaluation of the processes used to recruit, hire, and promote financial managers in the state's classified personnel system between November 1, 1999, and October 31, 2001.

Audit Recommendations

This report contained four recommendations for ensuring that Nevada recruits, hires, and promotes highly qualified financial management employees. Specifically, the Department should document efforts to encourage the use of competitive recruitments. In addition, state personnel regulations should be enforced to prohibit non-competitive promotional transfers. Furthermore, additional efforts are needed to establish entry-level programs to attract business graduates into state service. Finally, equivalencies for substituting work experience for education in the minimum qualification requirements should be adequately documented.

The Department accepted all four audit recommendations.

Status of Recommendations

The Department's 60-day plan for corrective action was filed on December 9, 2002. The report indicated the Department has developed a comprehensive plan for implementing the four recommendations made in our audit. The six-month report on the status of audit recommendations is due June 9, 2003.

Results in Brief

The Department of Personnel has made improvements to the processes used to recruit, hire, and promote financial managers in the State. Despite these improvements, instances of improper promotional transfers continue to occur, and recruitment practices can limit competition for financial management positions. Therefore, many appointments are made with minimal or no competition. In addition, programs established to attract Nevada's university business graduates into state service have not been effective. Furthermore, the Department lacks complete documentation for the establishment of qualification requirements for financial managers. As a result, the State may not always hire or promote the most qualified financial managers available for state service.

Principal Findings

The Department has strengthened its competitive examination process. Formal examinations are now required for all financial management positions. Additionally, examinations that did not properly evaluate training received through education have been discontinued.

The Department allowed state employees to transfer to higher paying positions without competition. During the period covered by our audit, 11 of the 230 appointments examined were improper promotional transfers. As a result, these 11 employees were appointed to more responsible financial management positions without a competitive process to determine they were the most qualified candidate available.

Many appointments to financial management positions were made with minimal or no competition. State law requires positions be filled based on open competitive examinations. However, state law also requires promotion from within an agency or department, when practicable. Promotional recruitments, restricted to state employees, generated only one eligible candidate 41% of the time and five or more candidates 24% of the time. In contrast, 80% of recruitments open to the public generated five or more eligible candidates.

Competition promotes the development of a more educated financial management workforce. In promotional recruitments with less than five eligible candidates, a college graduate was appointed only 33% of the time. However, for both promotional and open competitive recruitments with five or more candidates, a college graduate was appointed more than 60% of the time.

Business graduates from Nevada's universities have few opportunities for employment in state service. Most financial management positions require job experience. Therefore, entry-level business graduates, without experience, qualify for only two job classes. Only three job opportunities were available for these graduates during the 2 years covered by our audit.

During the 1997 Legislative Session, Senate Concurrent Resolution No. 39 was passed urging the Department to establish programs to attract business graduates into state service. Despite continuing efforts, the Department's programs have not been effective. For instance, the internship program has not been effective, mainly because of a lack of pay for students. Although Nevada's universities produced 1,600 business graduates during the 2 years ended June 30, 2001, none were hired into the financial management positions we examined. More innovative programs are needed to attract these business graduates into state service.

The Department has strengthened its minimum qualification requirements for financial managers in recent years. However, documentation is lacking to justify the inclusion of equivalencies that allow work experience to be substituted for education. Although a college degree is listed as a minimum requirement for 80% of the state's financial management positions, most positions allow substitution of work experience for the required education. Therefore, a related degree is mandatory for only 10 of the state's top 442 financial management positions.