



Review of Select Hiring, Recruitment, and Retention Processes

Project #2023.06
October 2024

Executive Summary

We evaluated controls over the effectiveness and efficiency of select fiscal year 2022 and fiscal year 2023 employee hiring, recruitment, and retention processes. Certain hiring processes were reviewed prior to and after implementation of CAPPS Recruit¹. Tests of controls over compliance with select laws, rules, and requirements were limited and performed at the process-level, and did not include a review of compliance with equal employment opportunity laws.

Overall, the agency has established and implemented controls over employee hiring, recruitment, and retention processes to ensure they are operating effectively and efficiently. Specifically:

- A workforce analysis was conducted, and a recruitment plan was developed and implemented, as required by Texas Labor Code.
- To attract qualified talent, various recruitment strategies were used, including attending career fairs, administering internships, advertising job postings on job boards, job websites, and social media, and hiring a full-time workforce recruiter. Recruitment bonuses were also offered for licensed engineers.
- Select data on recruitment strategies was collected, including new hire survey data, high-level tracking data on interns, and reports from job boards and websites.
- Implementation of CAPPS Recruit reduced the total number of forms required for processing new hires, and training on use of the system was developed and provided to hiring managers.
- Salary was reviewed through two separate phases of the hiring process to identify disparities.

We also noted additional improvements made to related processes with the implementation of CAPPS Recruit, CAPPS HR, and CAPPS ePM², and with the establishment of a full-time trainer. However, our review identified areas in which certain processes or controls should be developed and implemented, or strengthened in some instances, to ensure:

- Collection of recruitment data is refined, and related processes are established to review and analyze the information to make strategic decisions on the agency's recruitment efforts.
- A recruitment strategy to address employee referrals is pursued, and training on the agency's policy for recruitment bonuses is strengthened.
- Presentation at career fair events is improved to increase interest and promote engagement with attendees and potential candidates.
- Processing timelines and metrics for key hiring steps are routinely measured and reported.
- Training and other guidance documents and resources for hiring managers are strengthened, and a process is developed and implemented to solicit customer feedback.
- CAPPS Recruit and other available options to further streamline, automate, and consolidate required hiring documentation and information are reviewed to identify additional opportunities to promote efficiency and reduce hiring timelines.
- Procedures for performing salary reviews for parity during the hiring process are established, and documentation of the reviews are retained.
- An employee retention plan is developed that outlines the comprehensive efforts taken by the agency to address employee retention.
- Controls over compensation review processes are strengthened to establish a schedule, and improve written procedures, internal rules, and communication.
- A process is developed to solicit employee feedback on managerial performance, and career ladders are developed and implemented to promote professional advancement.

¹ CAPPS (Centralized Accounting Payroll / Personnel System) Recruit

² CAPPS Human Resource (HR), ad CAPPS Performance Management (ePM)

Background

Texas Water Development Board's (TWDB) employee hiring, recruitment, and retention processes are performed as a joint effort between Human Resources and agency management. Each process is distinct and critical for onboarding and retaining qualified talent. Hiring occurs when a role needs to be filled, and candidates are considered for an open position. Recruitment processes allow the agency to find qualified candidates quickly and efficiently and require planning, along with continuous research and evaluation to build awareness around the agency, the culture and mission, and the type of talent needed. Retention refers to the agency's ability to reduce employee turnover; it is the organization's concerted efforts to retain existing staff and keep their best employees in order to succeed.

The State Auditor's Annual Report on Classified Employee Turnover for Fiscal Year 2022 noted the statewide turnover rate was the highest reported in ten years, at 22.7%. That same year, TWDB's turnover rate was reported lower at 18.3%,³ but was the highest reported for the agency since fiscal year 2015⁴.

In fiscal year 2023, both the statewide turnover rate and TWDB's turnover rate decreased⁵.

Table 1: FY2022 and FY2023 Statewide and TWDB Turnover Rates

Entity	Turnover Rate	
	FY22	FY23
Statewide	22.7%	18.7%
Texas Water Development Board	18.3%	14.8%

In fiscal year 2022, TWDB reported 68 employees separated from the agency and of those, the primary reason for separation was voluntary. We noted 57 (84%) employees separated for voluntary reasons, 11 (16%) due to retirement, and 0 (0%) were involuntary.

Table 2: FY2022 Employee Separations

Reasons for Separation	Number of Employees	Percent of Employees
Voluntary Separation ⁶	57	84%
Retirement	11	16%
Involuntary Separation	0	0%
Total	68	100%

In fiscal year 2023, TWDB reported 59 employees separated from the agency and of those, the primary reason for separation was voluntary. We noted 47 (80%) employees separated for voluntary reasons, 6 (10%) separated due to retirement, and 6 (10%) were involuntary⁷.

³ An Annual Report on Classified Employee Turnover for Fiscal Year 2022.

⁴ FY2014 and FY2015 reported the highest turnover rates in the past ten previous years, at 22.8% and 20.8% respectively.

⁵ An Annual Report on Classified Employee Turnover for Fiscal Year 2023.

⁶ Voluntary Separation includes employees transferring to another governmental agency or entity.

⁷ An Annual Report on Classified Employee Turnover for Fiscal Year 2023.

Table 3: FY2023 Employee Separations

Reasons for Separation	Number of Employees	Percent of Employees
Voluntary Separation ⁸	47	80%
Retirement	6	10%
Involuntary Separation	6	10%
Total	59	100%

The number of employees who retired decreased from fiscal year 2022 to fiscal year 2023 - from 16% to 10%; however, fiscal year 2024 agency data⁹ showed the number of eligible retirees is expected to increase for most Offices within the organization.

Table 4: FY2024 Eligible Retirees by Office

TWDB Offices	Number of Employees	Percent of Employees
Finance	11	16%
Operations & Administration	7	10%
Water Supply & Infrastructure	15	22%
Water Science & Conservation	13	19%
Other ¹⁰	21	33%
Total	67	100%

State and federal laws, rules, and requirements govern the agency's hiring, recruitment, and retention processes, including sections of Texas Water Code, Texas Government Code, Texas Administrative Code, Texas Labor Code, and federal laws pertaining to discrimination, disabilities, child labor, civil rights, equal pay, and fair labor.

The Employee Handbook outlines agency policies and procedures relating to these processes and is used in conjunction with standardized forms, checklists, and other tools, to ensure state and federal laws are met, and to provide hiring managers with guidance for processing.

Information systems used in the administration of hiring, recruitment, and retention processes include, CAPPS Recruit (Centralized Accounting Payroll / Personnel System), Microsoft Outlook, Teams, Excel, DocuSign, Adobe Sign, and an agency shared network drive. Job boards and job websites, including Work in Texas, LinkedIn, Indeed, Handshake, Simplicity, the Professional Diversity Network, and various social media platforms are used to advertise job postings.

⁸ Voluntary Separation includes employees transferring to another governmental agency or entity.

⁹ TWDB Retirees Report 6-1-2023 provided by Human Resources.

¹⁰ Board, Executive Administration, Communications, General Counsel, Office of Planning, Internal Audit, Texas Geographic Information Office (TxGIO).

Organizationally, Human Resources (HR) is located in the Office of Operations and Administration. HR is responsible for the coordination and processing of all hiring, recruitment, and retention efforts, including establishing related processes, policies, and procedures. Hiring managers (HM) are located within each Office and are also responsible for several key hiring tasks. As such, HM's are a critical element to recruitment and hiring efforts to help meet the strategic needs of their area and the agency. In addition to HM's, some Divisions within the agency also have hiring liaison's (HL). HL's are Office designee's and are also involved with certain required tasks that occur during the hiring process.

Objectives, Scope, and Methodology

Objectives

The objective was to determine whether select employee hiring, recruitment, and retention processes were operating effectively, and in accordance with select laws, rules, or requirements; and to assess current practices and opportunities to improve efficiency and effectiveness of the related processes for potential streamlining and process improvement.

Scope and Methodology

The scope of the audit covered fiscal years 2022 and 2023 (September 1, 2021, to August 31, 2023), and other related time periods.

Certain hiring processes were reviewed prior to and after implementation of CAPPS Recruit. Tests of controls over compliance with select laws, rules, and requirements were limited and performed at the process-level, and did not include a review of compliance with equal employment opportunity laws.

The methodology consisted of a review of select state and federal laws, rules, and requirements that govern hiring, recruitment, and retention processes, including sections of Texas Water Code, Texas Government Code, Texas Administrative Code, Texas Labor Code, and various federal laws. We also reviewed the agency's Employee Handbook, and other HR policies and procedures, standardized forms, checklists, and other tools established and implemented as processing guidance.

Tests and procedures included the following:

- Reviewed the agency's workforce analysis, workforce plan, and recruitment plan.
- Evaluated new hire surveys and corresponding data for fiscal year 2023.
- Reviewed usage and job reports from Indeed Resume and LinkedIn Recruiter.
- Reviewed internship documentation, including tracking spreadsheet.
- Attended and observed procedures at a sample of career fair events.
- Reviewed and analyzed recruitment bonus data for fiscal years 2022 and 2023.
- Tested sample of new hire files processed prior to and after implementation of CAPPS Recruit to evaluate processing timelines.
- Reviewed CAPPS Recruit training.
- Reviewed the agency's Employee Handbook, Hiring Process Guide, and all other hiring forms, including the Hiring Checklist, Hiring Summary, Scoring and Selection Log (SSL), Criminal Consent, Interview Question template, Personnel Action, and Reference Check template.
- Reviewed and analyzed merit and one-time merit, retention bonus, and equity adjustment data for fiscal year 2023.
- Evaluated employee exit survey data for fiscal year 2023.

- Interviewed Executive Administration, HR, Deputy Executive Administrators (DEA), Assistant Deputy Executive Administrators (ADEA), hiring managers (HM), and select other staff.

This engagement was conducted in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These 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 observations and conclusions based on our audit objectives.

The audit team consisted of:

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Michelle Cooper, CGAP, CFE, CICA

Nicole Campbell, CIA, CISA, MPA

Detailed Results

We evaluated controls over the effectiveness and efficiency of select fiscal year 2022 and fiscal year 2023 employee hiring, recruitment, and retention processes. Certain hiring processes were reviewed prior to and after implementation of CAPPS Recruit. Tests of controls over compliance with select laws, rules, and requirements were limited and performed at the process-level, and did not include a review of compliance with equal employment opportunity laws.

Overall, we found that agency processes and controls over employee hiring, recruitment, and retention activities have been established; however, certain processes and controls should be developed and implemented, or strengthened in some instances, as outlined by objective below.

Objective 1: Recruitment

Texas Government Code and Texas Labor Code, require state agencies to conduct certain analyses relating to recruitment and workforce planning. Specifically:

- **Texas Government Code, Sec. 2056.0021 Workforce Planning**
As part of the strategic plan, requires state agencies to conduct a staffing analysis and develop a workforce plan to address critical staffing and training needs, including succession planning.
- **Texas Labor Code, Sec. 21.501 Workforce Analysis**
Each fiscal biennium, requires state agencies to analyze their current workforce to identify statistically under-represented groups by each job category.
- **Texas Labor Code, Sec. 21.502 Recruitment Plan**
Requires development and implementation of a plan to recruit the categories of the workforce that were demonstrated in the workforce analysis required by Section 21.501 to be excluded or underutilized for certain specific categories of the workforce.

Our review examined the primary recruitment strategies used by the agency to attract talent. We also reviewed recruitment data collection and analysis techniques, attended and observed procedures at a sample of career fair events, and evaluated the effectiveness of recruitment bonuses.

We found the agency has developed and implemented a recruitment plan, and has employed various proven recruitment strategies; however, we identified areas in which improvements should be made to strengthen the review and analysis of recruitment data and enhance existing recruitment efforts.

1. **Although certain recruitment data was collected, related processes had not been established to review and analyze the information to make strategic decisions on the agency's recruitment efforts.**

Certain data was collected on new hires, internships, job boards, and job websites; however, based on a review of new hire survey data, intern tracking spreadsheets, and job board and website usage reports, it was not clear whether that information was reviewed and analyzed to make strategic decisions for subsequent recruitment efforts.

New Hire Surveys

In June 2023, HR implemented a procedure to collect data from new hires during the onboarding process to determine how they heard about the agency, and to assist in identifying areas to target recruiting efforts.

New hire survey results for fiscal year 2023 indicated that job boards and job websites, and other state employees were the top two sources where new hires heard about the agency and their job position.

Table 5: Fiscal Year 2023 New Hire Survey Data

How Did You Hear About Us Survey	
Source	% of New Hires
Job Board and Job Websites	34%
Other State Employee	32%
Agency Web Site – Internet Career Section	10%
College/University Career Day or Job Fair	10%
Other	7%
Social Media	5%
Human Resource/Personnel Office	2%
Total	100

Based on our review of new hire survey data, we could not determine whether the information had been reviewed and analyzed to identify which recruitment efforts were most successful and subsequently, whether any modifications to the agency's recruitment strategies were identified and implemented for improvements.

Implementation of the new hire survey tool was an effective measure to identify areas the agency may need to optimize, or focus additional efforts on in order to improve the effectiveness of various recruitment strategies. Periodic review and analysis of new hire survey data, will identify areas to improve recruitment efforts, and can be used to further refine survey questions and streamline response options to ensure the information collected is up to date and relevant to determine which methods are attracting the most candidates.

Job Boards and Job Websites

To reach a larger and diverse population of qualified candidates, job postings were advertised on various job boards and job websites, and social media, including Work in Texas, LinkedIn, Indeed, Handshake, Simplicity, the Professional Diversity Network, and Twitter. Fiscal year 2023 new hire survey data indicated job boards and job websites were the top source that new hires heard about the agency and their job position.

A usage report from Indeed Resume, and a job report from LinkedIn Recruiter, provided data on each of the job platforms. While these reports provided some useful information, it was not evident whether that data was periodically reviewed. We also noted that additional key information, such as potential candidates from these job websites that were invited to complete the state's required

application, was not tracked. This type of information is critical to analyzing and gauging the effectiveness of some platforms over others, and adjusting agency recruitment efforts based on the data.

Internships

TWDB offers year-round paid internships to college students, which were promoted as part of the college campus recruitment process and highlighted alongside other agency vacancies. TWDB also hosted interns through the Mickey Leland Internship Program which is administered by Texas Commission on Environmental Quality. In fiscal year 2023, six interns participated in the Mickey Leland program. Additional internship and externship programs were also offered according to the agency's recruitment plan.

While HR maintained a spreadsheet that listed names of interns and included information related to background consents, salary, and dates of employment, we could not determine whether any interns were offered permanent positions with the agency. Additionally, the information tracked included Mickey Leland interns, but did not include interns from the agency's other internship and externship programs.

The programs serve as a potential pipeline for interns to find permanent positions with the agency. Tracking intern data over time, such as the agency's intern conversion rate, provides information pertaining to the effectiveness of this important recruitment effort for talent acquisition.

The ability to quantify and draw conclusions on which recruitment strategies are producing qualified new hires based on the data collected can be beneficial knowledge to HR and HM's for improvements to future efforts.

Recommendations

- (a) Refine recruitment data collection to ensure key information is gathered and tracked.
- (b) Develop and implement a process to ensure recruitment data collected is periodically reviewed and analyzed to measure the effectiveness of the related programs, and considered in future strategic decisions on recruitment efforts.

Management's Response: Human Resources agrees with the recommendation.

Human Resources will implement processes by which to ensure short- and long-term recruitment data is refined to ensure key information is gathered and tracked.

Human Resources staff will perform periodic collection, review and analysis of recruitment data for measures of effectiveness, and produce a report noting the results and any recommended changes, if necessary.

Responsible Party: Sergio Pellicano, Workforce Recruiter / Nathalie Antenor, Human Resources Manager

Implementation Date: 11/30/25

2. A recruitment plan was developed and implemented, as required by Texas Labor Code, Section 21.502; however, the agency's recruitment strategies should be strengthened.

To meet the requirements of Texas Government Code and Texas Labor Code, the agency developed a workforce plan to address critical staffing and training needs. A workforce analysis was conducted

as required, and a recruitment plan, focused on specific categories identified through the workforce analysis to be excluded or underutilized, was developed and implemented.

The primary strategies included in the agency's recruitment plan consisted of attending career and job fairs throughout the state, administering internships and hosting externships, as well as advertising job postings on various job boards, job websites and social media. A full-time workforce recruiter was hired to implement proactive recruitment strategies, which included collaborating within HR to provide strategic management of job postings, conducting community outreach, and building effective working relationships with hiring managers. Recruitment bonuses were also offered for licensed engineers.

Although the plan and its various recruitment strategies included many best practices, our review noted the following areas where existing recruitment efforts should be strengthened.

- **Employee Referrals.** According to survey data, one of the top sources new hires heard about the agency and their job position was from another employee. Our review of surveys submitted in fiscal year 2023 indicated nearly one-third (32%) of all new hires heard about their position from another employee.

Referred employees can be more likely to meet qualification standards for the position, and often align with the agency's cultural values. This benefit makes them less likely to leave, and therefore, tend to experience lower turnover rates. Candidates sourced through employee referrals can also reduce the overall time and cost of the hiring process.

Our review noted the agency did not have a specific recruitment strategy to address this source of potential candidates. Development of a formal program and policy, with consideration given to use of authorized incentives, could encourage more employees to refer quality candidates.

- **Recruitment Bonuses.** To enhance the recruitment of competent personnel, Section 659.262 of Texas Government Code authorizes additional compensation for certain classified state employees. The agency's policy on recruitment bonuses, included under Section 5.05 of the Employee Handbook, states one-time recruitment bonuses are authorized for certain targeted classified positions *with unique or specialized qualifications*.

In fiscal year 2022, the agency paid a total of \$51,000 to 11 employees in recruitment bonuses, and in fiscal year 2023, a total of \$39,000 was paid to eight employees in recruitment bonuses.

Table 6: FY2022 and FY2023 Recruitment Bonuses

Fiscal Year	Total Amount	Total FTE's
FY2022	\$51,000	11
FY2023	\$39,000	8

Recruitment bonuses for licensed engineer candidates external to the agency were advertised on the agency's career internet website. Our review found the majority of recruitment bonuses processed during fiscal year 2022 and 2023 were for engineer classification titles and licensed engineers, with limited use for other classified positions¹¹.

¹¹ Hydrologist, Natural Resource Specialist, Project Manager, Information Specialist.

Feedback from HM's indicated some were not aware of all the recruitment tools and incentives available to them to consider when posting and hiring, and whether any associated funding was available for that purpose.

We interviewed new hires that received a recruitment bonus in fiscal year 2023 and 2024, and 89% stated the bonus impacted their decision to accept the offer with the agency. While our review confirmed engineer positions had the highest number of employee's separating in fiscal year 2023, other positions, such as hydrologists, managers, program specialists, and contract specialists, had the second highest number of employee's leave in that same time-period.

Training hiring managers on the agency's recruitment bonus policy provides a more consistent understanding of the process, promotes awareness, improves transparency, and strengthens the overall effectiveness and implementation of this strategy.

- **Job Boards and Websites.** Our review of surveys submitted in fiscal year 2023 indicated the top source where new hires heard about the agency and their job position, at 34%, was from job boards and job websites, like Work in Texas, Indeed, and Handshake.

While this is a critical recruitment strategy, feedback from hiring managers described issues they experienced with the use of job boards and websites. Some HM's indicated job boards and websites were valuable, but inconvenient as they were not familiar with how to properly and effectively use the various tools.

Hiring Managers also expressed concerns about not having enough options readily available to advertise postings on websites for professional and technical associations. HR maintained a yearlong requisition for sponsored Indeed postings and LinkedIn Recruit, as well as certain other select professional organizations and associations. However, other sites for paid postings not used before by HR must go through the requisition process to purchase, which subsequently added time to the hiring process.

Recommendations

- (a) Develop and implement a recruitment strategy, compliant with applicable laws, to encourage employee referrals as a valuable source of potential candidates.
- (b) Improve training and guidance for HM's on the agency's recruitment bonus policy to provide a more consistent understanding of the process, promote awareness, improve transparency, and strengthen the overall effectiveness and implementation of this strategy.
- (c) Improve training and guidance for HM's on use of the agency's primary job board(s) and job website(s).
- (d) Review the process for requesting paid job posting advertisements for those not already used by HR to identify areas for improvements to efficiency.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Review and recommend implementation of the 2023 Aspiring Leaders Program graduates' model to encourage employee referrals, through issuance of administrative leave to referring staff.*
- *Coordinate with the Finance Office to incorporate language in the FY25 Merit and Internal Operating Budget Policies allowing for the use of funding for issuances of recruitment bonuses. The policy was effective on September 9, 2024.*

- Review current CAPPs Recruit and Recruitment and Selection materials and update information relating to the various free and paid job boards and websites. Human Resources staff will train hiring managers on the topic.
- Review current CAPPs Recruit and Recruitment and Selection materials and update information relating to the process to request paid posting funds from Human Resources and/or the business area's budgets. Human Resources staff will train hiring managers on the topic.

Responsible Party: Sergio Pellicano, Workforce Recruiter / Michelle Hunter, Training and Organizational Development Specialist / Nathalie Antenor, Human Resources Manager

Implementation Date: 11/30/25

3. The agency participated in several recruitment and career fair events in fiscal year 2023; however, presentation at these events should be improved to increase interest and promote engagement with attendees and potential candidates.

In fiscal year 2023, surveys indicated 10% of new hires heard about their position at a career fair or a college or university career day. While career fairs were not a top recruitment strategy based on the new hire survey data, they are valuable in providing a proactive opportunity to build awareness around the agency, the culture and mission, and the type of talent needed.

The agency's workforce recruiters participate in numerous recruitment and career fair events during the fall and spring of each fiscal year. During fall of 2023, the agency participated in a total of 12 career fair events, including hosting a career fair of its own.

We attended and observed three of the 12 career fairs and evaluated the agency's booth presentation for effectiveness. Our review noted many best practices were employed, particularly for the agency-hosted career fair; however, we also identified areas where booth presentation and engagement could be improved and managed more effectively to improve outcomes.

- **Career Fair Booths.** Booths did not always have representatives from program areas to assist with hosting and to serve as a resource for potential candidates interested in learning more about specific areas or job responsibilities. The agency's workforce recruiter was the primary host at career fair events; however, program areas that have a critical need to fill positions, have high turnover, or those areas that are looking to build talent pipelines for future needs should encourage staff directly involved in hiring for open positions to attend and assist with hosting career fair events. Having more than one person hosting the booth helps ensure all interested candidates receive undivided attention.

While the career fair booths at each event included visible banners with vibrant text, updating the banners to reflect cheerful business and success-oriented images was observed as a best practice. Images, such as those of staff experiences, recent graduates, and staff working in programmatic areas and in the field were more engaging and relatable, as they could help potential candidates view themselves in some of TWDB's positions. Additionally, displaying multiple banners was also observed as best practice, such as one banner behind the Recruiter and another to the side on a stand with QR codes for accessing job postings and other relevant information.

- **Engagement with Attendees.** Engagement with attendees should be improved for increased effectiveness. We observed best practices were booths that had their representatives standing on the exterior, and actively engaging attendees that were standing or walking close by. This helped attract more attendees to the booth to review current job openings or talk with subject matter experts about various positions.

While this may have been a result of timing for related procurements, for one of three events observed by auditors, we noted there were not any promotional items available for attendees. Promotional items were observed to be offered by many other organizations and are best practice for effective presentation at career or job fairs.

Attendees appreciate free items when they attend these events. The promotional items should be something worthwhile to entice potential candidates to stop at the booth, including practical items such as pens, refrigerator magnet clips, wearable items, and koozies. Also, branding the items with the TWDB logo and contact information ensures that anyone that sees the item has the contact information available to them.

Recommendations

- (a) Strengthen HM and staff presence from critical program areas at career fair events, and update banners using best practice strategies.
- (b) Establish methods to increase engagement with attendees, and ensure all career fair events offer promotional items.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources staff will:

- *Increase promotion and awareness of the benefit of program area staff attendance at career fair events and continue to reach out to DEAs, directors, managers, and SMEs to request attendance.*
- *Seek strategies to better engage with career fair attendees, such as by standing on the exterior of the booth. Due to the FY24 agency logo change, a delay in the purchase of new promotional items led to the deficiency in promotional items for spring 2024 fairs. Promotional items are currently on hand for distribution at current career fairs.*

Responsible Party: *Sergio Pellicano, Workforce Recruiter / Nathalie Antenor, Human Resources Manager*

Implementation Date: *9/1/25*

Objective 2: Hiring

During fiscal year 2023, HR processed 90 new hires – accounting for 23% of the agency's average annual headcount¹² for the same time period.

HR has developed and established policies and procedures, in conjunction with the use of standard forms, checklists, and other tools, to ensure state and federal requirements are met, and to provide HM and hiring liaisons with guidance for processing. Historically, multiple forms and manual routing procedures were used to process job requisitions, and in June 2023, HR and the agency transitioned to CAPPS Recruit.

¹² State Auditor's Office, An Annual Report on Classified Employee Turnover for Fiscal Year 2023.

The hiring process consisted of four major phases: Approval, Screening and Application, Interview, and Selection. Onboarding of new hires was not included within the scope of the audit. The primary steps followed for each phase are summarized in the table below.

Table 7: Hiring Phases and Key Steps

Hiring Phases	Key Steps
Phase 1: Approval Process	<ul style="list-style-type: none"> Hiring Manager's (HM)¹³ create job requisition, develop interview questions and optional job simulations, update screening and selection log (SSL) to correspond to job requisition, and submit to HR. HR reviews the job requisition and other information, including the proposed salary range for review of pay parity, and routes the requisition for approvals. Once approved, the posting is advertised on various job websites. External job requisitions are required to be open for a minimum of 14 calendar days. Internal job requisitions may be closed at any time.
Phase 2: Screening & Application	<ul style="list-style-type: none"> HM's review submitted applications, screen minimum and preferred qualifications, select applicants for interview, and notify HR to close, revise and/or cancel the job requisition.
Phase 3: Interview Process	<ul style="list-style-type: none"> After completion of all screening criteria, HM's schedule and conduct interviews with selected applicants. Interviewed candidates are required to complete a criminal history consent form. HM's score each candidate's interview results and any optional simulations, select a candidate for hire based on the results, and conduct reference checks.
Phase 4: Selection Process	<ul style="list-style-type: none"> HM's submit the required forms for the selected candidate and notify HR. HR audits the scoring information and other required documentation, performs any necessary criminal background checks on the selected candidate, and provides authorization to extend conditional and formal offers.

A sample of 20 new hire files were selected to review timeliness of key tasks performed within each hiring phase. The selected files were processed prior to use of CAPPS Recruit and consisted of 9 new hire files from fiscal year 2022 and 11 new hire files from fiscal year 2023. To evaluate the impact of CAPPS Recruit on processing timelines, we also tested an additional sample of 11 new hire files from fiscal year 2023 and FY2024 that were processed in the system.

We found hiring policies and procedures have been established and implemented to accomplish the agency's hiring objectives; however, we also noted opportunities to improve processes and controls by measuring and reporting hiring timelines and metrics, strengthening training and other guidance documents and resources for HM's, further streamlining use of required hiring forms and information, and establishing procedures for reviewing salaries for parity through the hiring process.

¹³ Some programmatic areas have dedicated staff recruiting coordinator and hiring liaison.

4. Processing timelines and metrics for key hiring steps were not routinely measured and reported.

For each phase of the hiring process, we evaluated key tasks and their completion dates by measuring hiring timelines prior to and after the agency's implementation of CAPPS Recruit.

Metrics for the total number of job postings open, closed, and pending were included in the agency's weekly activity report shared with executive leadership; however, metrics pertaining to processing timelines were not included in the report or routinely measured.

According to the Hiring Process Guide, the agency's goal is to hire a candidate for a position within 60 days of the posting date. Our review noted 44% of new hires for fiscal year 2022, and 27% of new hires for fiscal year 2023 were not processed within the 60-day goal. We noted improvement after implementation of CAPPS Recruit where 18% of new hires were not processed within the 60-day goal.

Table 8: New Hires Not Processed in 60-day Goal

Sample Tested	New Hires Not Processed in 60-day Goal
FY22 Prior CAPPS	44%
FY23 Prior CAPPS	27%
FY23 – FY24 Post CAPPS	18%

- **In fiscal year 2022, four of nine (44%) new hires were not processed within the agency's 60-day goal.** From Posting Date to Formal Offer, these four had a range of 66 to 98 business days to process. All four took over 30 days between Posting Date to Application Receipt – which ranged from 38 to 84 days. Factors that contribute to a lag between these two dates often result from extension of the job posting caused by an inadequate candidate pool, or potentially, the HM not actively managing the posting.
- **In fiscal year 2023, three of 11 (27%) new hires were not processed within the agency's 60-day goal.** One engineering position took 73 days from Posting Date to Application Receipt. There were also two instances where a lag occurred during tasks that were primarily the responsibility of the HM to complete. One position took 41 business days to process from Application Receipt to Interview, and a second position took 77 business days from Interview to Submission of Hiring Documentation to HR.
- **Timelines over the hiring process improved after implementation of CAPPS Recruit; however, two instances were noted (18%) where new hires were not processed within the 60-day goal.** From Posting Date to Formal Offer, these two had a range of 67 to 77 business days to process, and experienced a lag from Posting Date to Application Receipt, and from Interview to Submission of Hiring Documentation to HR.
- **Although most timelines associated with the hiring process had some improvement after the implementation of CAPPS Recruit, the timeline for one task increased slightly.** The task, Hiring Documents Completed to Formal Offer, was primarily HR's responsibility to complete. HR indicated that a typical turnaround for this task was approximately 2-3 business days. Prior to CAPPS implementation, this task was processed at an average of 5 business

days in fiscal year 2022 and 2023, and increased slightly to 7 days after implementation of the system.

Table 9: Average Business Days for Task

Tasks	Average Days		
	Prior CAPPs FY22	Prior CAPPs FY23	Post CAPPs FY23-FY24
Hiring Documents Submitted to HR to Formal Offer	5	5	7

We also noted HR did not have a process to solicit feedback regarding hiring processes and related services had not been established.

Measuring and reporting on hiring processing timelines can assist with identifying issues and key tasks that may require additional training, or adjustments to existing processes and procedures. Metrics also provide transparency and help establish processing standards and expectations. Additionally, metrics may demonstrate additional staff needed to meet the agency's growing hiring needs when vacancies in HR fall below a level that would risk the ability to meet hiring objectives and timelines.

Recommendations

- (a) Develop and implement a process to measure and report timelines and other metrics for key hiring steps and processes. The information should be used to identify delays or inefficiencies to address through process improvements.
- (b) Develop and implement a process to solicit feedback regarding hiring processes and other related services.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Review, track and analyze CAPPs Recruit data on an ongoing basis to assess timelines and seek efficiencies, where needed. Human Resources will seek other technologies, as applicable, to assist with tracking and analysis.*
- *Human Resources will develop a customer feedback process to seek feedback on the hiring process and identify opportunities for improvement. Feedback will be assessed, with improvements implemented as warranted.*

Responsible Party: *Jessica Graham, Human Resources Team Lead / Sergio Pellicano, Workforce Recruiter / Nathalie Antenor, Human Resources Manager*

Implementation Date: *9/1/25*

5. Training for hiring managers was primarily focused on use of CAPPs Recruit, but did not provide detailed instructions for completing required hiring documentation.

We conducted surveys with HM's to obtain input regarding their experiences with the agency's hiring processes. They stated their greatest concern was related to the time it took from receiving an application to extending the final offer, and referenced the risk of losing qualified candidates to other job offers that could be attributed to long processing times.

We found that average days from receipt of application to extending a formal offer was at a high of 37 business days in fiscal year 2023, and improved after implementation of CAPPS Recruit.

Table 10: Average Business Days for Task

Tasks	Average Days		
	Prior CAPPS FY22	Prior CAPPS FY23	Post CAPPS FY23-FY24
Application Receipt to Formal Offer	26	37	33

Two tasks, which were primarily the HM's responsibility to complete, took an average of between 11 to 17 business days, ultimately impacting overall processing timeliness. These two tasks were Application Receipt to Interview, and Interview to Submission of Hiring Documentation to HR.

Table 11: Average Business Days for Task

Tasks	Average Days		
	Prior CAPPS FY22	Prior CAPPS FY23	Post CAPPS FY23-FY24
Application Receipt to Interview Date	11	17	16
Interview Date to Hiring Documents Submitted to HR	12	17	12

All tasks require multiple steps for each position posted and filled, and can consist of significant time and effort from the HM while fulfilling their primary job responsibilities. In interviews with HR, issues with hiring documentation not completed, or the need to correct errors in the documentation submitted, were noted to delay processing.

Although training and guidance documents on the hiring process were provided and available for reference, feedback from HM's expressed the need for more detailed hiring guidance, instructions, and resources. Additional training that covers how to properly complete each of the hiring forms and addresses common processing errors, screening and scoring, and frequently asked questions were noted, as well as enhanced resources like a dedicated intranet webpage for hiring managers. Strengthening training and resources for HM's can help reduce delays attributed to processing errors, and missing, incomplete, or insufficient documentation, and therefore, improve overall timeliness.

Additionally, some Offices or Divisions have a dedicated hiring liaison, trained on and specialized in completing hiring processes and required documentation. With additional trained liaisons who are subject matter experts in hiring for their area of the agency, overall processing timelines could reduce and improve the efficiency and effectiveness of the hiring process.

Recommendations

- Strengthen training and other guidance documents and resources for hiring managers.
- Implement procedure to establish a dedicated hiring liaison, particularly for areas of the agency that experience high turnover or have a high volume of vacant positions to routinely fill.

Management's Response: Human Resources agrees with the recommendation.

Human Resources will:

- *Review and organize hiring training materials with consideration of a dedicated IWEB training page. Human Resources will review materials for potential gaps, such as how to complete training forms, and develop needed guidance.*
- *Actively coordinate with business areas on identification of hiring liaisons. Human Resources will complete hiring training for each identified liaison.*

Responsible Party: *Michelle Hunter, Training and Organizational Development Specialist / HR Generalists / Jessica Graham, Human Resources Team Lead / Nathalie Antenor, Human Resources Manager*

Implementation Date: *9/1/25*

6. Although the number of forms used throughout the hiring process was reduced with implementation of CAPPS Recruit, additional consolidation and automation should be reviewed and considered.

To ensure state and federal laws and other requirements are met, and provide critical structure for processing new hires, HR has developed and established policies and procedures, in conjunction with the use of standardized forms, checklists, and other tools, to be used throughout the hiring process.

Prior to CAPPS Recruit, up to nine different forms, and manual routing procedures, were used to process job requisitions. After implementation of the system, the total number of forms was reduced to seven. However, feedback from HM's expressed the number of forms required, and the extent of information required to be entered into the forms, remained a primary concern related to the hiring process.

As noted previously, all tasks require multiple steps for each position posted and filled, and can consist of significant time and effort from the HM while fulfilling their primary job responsibilities. HM's noted instances when they had a large volume of applications to review and screen, and each applicant's name and submission dates must be entered into a separate spreadsheet to complete this task, which can be time intensive and subject to manual entry errors. Additionally, in interviews with HR, issues with hiring documentation, including not completing the forms or use of outdated forms, missing information, or supporting documentation, and errors identified in the submitted documentation were all examples of areas that delay processing.

As CAPPS evolves, opportunities should be reviewed and considered for automating and streamlining hiring information completed on forms or directly in the system with autofill and auto-populate functionality to improve processing timelines, while also reducing risk for errors resulting from manual entry.

Recommendation

- (a) Review CAPPS Recruit and other available options to identify opportunities to further promote efficiency and reduce hiring timelines by streamlining, automating, and consolidating required hiring documentation and information.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Coordinate with the IT Business Automation Department to seek automated solutions to the most commonly used HR forms. In the absence of immediate solutions, HR will continue to seek other opportunities to streamline processes, documentation and/or information to produce efficiencies.*

Responsible Party: *Nathalie Antenor, Human Resources Manager / Jessica Graham, Human Resources Team Lead*

Implementation Date: 9/1/25

7. Salaries were proactively reviewed for parity through two different phases of the hiring process; however, procedures for performing these reviews were not documented.

Specifically, HR performed:

- A review of the salary range proposed for a job requisition during the approval phase, and
- A review of the salary proposed to offer the selected candidate during the selection phase.

The purpose for these reviews was to mitigate potential issues relating to pay disparities between new hires and existing employees with similar classifications, and aimed primarily at retention of existing employees. Additional salary reviews were performed after an employee was hired by the agency on an ad hoc basis. Information related to those reviews is addressed under the Retention objective of this report.

The reviews conducted during the hiring process consisted of the following steps:

- Before completing a job requisition, the HM was encouraged to reference job descriptions, classifications, and salary schedules issued by the State Auditor's Office, to determine the appropriate salary range to propose in the job requisition. Additionally, the Hiring Process Guide recommended HM's to consider salaries for existing employees before determining the posting range for positions performing similar work and tenure.
- Once the requisition was submitted by the HM, HR evaluated the proposed salary range prior to approval and posting of the position.
- After a candidate was selected and the HM submitted the required hiring documentation, HR performed a second review to evaluate the salary proposed by the HM to offer to the selected candidate.

In conducting these reviews, HR compared the proposed salary range, and proposed salary to offer the selected candidate to the salaries of existing employees that had similar classifications within the Division or area. For certain positions, such as executive assistants or directors, where there may be only one per Division or area, the salaries of similar classifications across the agency were used for comparison purposes. HR said they considered the scope of the work performed, as it may vary by area, as well as how long the employee had been in the position, the maximum salary that had been paid for that position in the past, and what the previous person in that position earned. They may also look at race and gender.

If a disparity was identified during their reviews, HR informed the HM, would request a justification for the difference, and may recommend a revision; however, final salary decisions were made by the HM.

- **Evidence of salary reviews performed during the hiring and selection process was limited.** We reviewed a sample of 11 new hire files from fiscal year 2023 to determine whether salary reviews were performed during the hiring process. Of the 11 reviewed, one showed evidence of a salary review occurring during the selection phase. In that instance, HR identified a pay disparity, informed the HM, and made a recommendation to revise the proposed salary for the selected candidate; however, final resolution was not documented in the file.

Results of the reviews conducted were generally retained if a pay disparity was identified; therefore, with limited documentation available, we could not determine whether these salary reviews were performed consistently, nor could we validate the methodology used to conduct the reviews, including which specific positions were compared by Division or area versus cross agency.

- **Procedures for performing salary reviews during the hiring and selection process were not documented.** The Employee Handbook outlined hiring policies and rules; however, it did not address salary reviews performed by HR during the hiring process. Additionally, procedures for performing the reviews during the hiring process were not documented; therefore, the methodology, such as the criteria, thresholds, and positions requiring cross agency analysis, was not clearly defined.

These salary reviews are a proactive measure that HR takes to mitigate risk of pay disparities for the purpose of assisting with employee retention. Established procedures ensure the process is executed consistently, and retaining documentation of the review, as well as final resolution or any justifications, provides support for decisions relating to competitive pay actions.

Recommendations

- (a) Develop written procedures for performing salary reviews for parity for each of the two different phases of the hiring process, and strengthen processes to ensure documentation is retained of the review and results.
- (b) Ensure HM's are informed on the process for performing salary reviews for parity during hiring, as well as their responsibilities, and options for responses or justifications.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Explore the feasibility of staffing a compensation analyst for the agency with a potential Certified Compensation Professional (CCP) certification. With or without this role, Human Resources will develop written procedures for performing salary reviews for each phase of the hiring process and strengthen processes to ensure documentation is retained.*
- *Ensure hiring managers are informed on the process for performing salary reviews for parity.*

Responsible Party: *Nathalie Antenor, Human Resources Manager / Edna Jackson, DEA, Operations and Administration*

Implementation Date: *9/1/26*

Objective 3: Retention

Without strategic efforts made to employee retention, the agency could suffer higher turnover rates. Employee turnover results in significant costs, disrupts project timelines, and negatively impacts team morale. Retaining employees not only reduces costs associated with recruitment, hiring, onboarding, and training, but also improves customer service, increases productivity, facilitates succession planning, and strengthens business continuity.

TWDB's turnover rate was at a high of 18.3% in fiscal year 2022 and lowered to 14.8% in fiscal year 2023. Separation data for those fiscal years showed, 84% of the total of employee's that separated in in fiscal year 2022 were for voluntary reasons, including transferring to another governmental agency.

In fiscal year 2023, that number decreased slightly to 80%.

Table FY2022 and FY2023 Employee Separation

Type of Separation	FY2022	FY2023
Voluntary Separation	63	63
Transfer to Another Governmental Agency	21	17
Total	84%	80%

Engineers, hydrologists, program specialists, contract specialists, and managers experienced the highest total numbers of employees that separated during fiscal year 2023.

We reviewed the agency's efforts to address employee turnover and promote retention. Those efforts were focused primarily on competitive pay, professional development, and work life balance. Our work consisted of interviews with HR, as well as hiring managers and select employees. An analysis of exit survey data was performed, and additional surveys were distributed to employees to solicit feedback and perspectives on the agency's retention efforts. We also reviewed documentation of professional development programs and work life balance policies, as well as evaluated the agency's most recent compensation review.

The agency has established various strategies aimed at employee retention; however, we identified areas where improvements should be made to strengthen those efforts by developing a plan to outline the agency's comprehensive retention efforts, strengthening controls relating to compensation review processes, establishing career ladders, and enhancing the performance appraisals for management.

8. A retention plan should be developed that outlines the comprehensive efforts taken by the agency to address employee retention, including related processes and strategies.

In fiscal year 2023, the agency demonstrated its retention processes through various retention efforts, which were focused primarily on competitive pay, professional development, and work life balance. Specifically:

Table 13: Retention Processes

Retention Process	Description
Competitive Pay	Performance-based merit salary increases and one-time payments, retention bonuses, and equity adjustments.
Professional Development	Employee training and professional development through the agency's Aspiring Leadership Program (ALP) and Leadership Exploration and Development (LEAD) Program.
Work Life Balance	Telecommuting and flexible work schedule alternatives, such as compressed and staggered work schedules, and The BEET workgroup which coordinated events and other opportunities for employees to connect.
Employee Recognition	Office "shout-outs" and Making Values a Priority (MVP), a program to recognize employees that demonstrated agency values where selected individuals were acknowledged during agency-wide meetings.

However, the agency had not developed a formal plan to strategically address employee retention.

Optional exit surveys were the agency's primary method for collecting data from employees leaving the agency. Of 59 employees that separated in fiscal year 2023, 30 (51%) completed the exit survey.

Based on fiscal year 2023 exit survey data, the top three reasons for separating were:

- Better compensation and/or benefits
- Better commute
- Retirement

Exit survey data showed 54% of employees left the agency for better compensation and/or benefits, and better commute and retirement were both the second highest at 14%.

Analysis and use of exit survey data was not evident. It was not clear whether information collected from exit surveys was reviewed and analyzed, and whether changes to employee retention strategies were considered or implemented based on analysis. Employee perspectives and feedback constantly change, and can be impacted by the current labor market and other economic conditions; therefore, data should be periodically evaluated to improve recruitment and retention processes, identify problem areas, and strengthen the overall employee experience.

A process to share high-level, aggregate exit survey data and categorical trends with agency management did not exist. HR shared exit survey data annually with executive administration, and in certain circumstances based on the results, may consult with management for exiting employees, executive administration, and General Counsel. However, high-level, aggregate data, that excluded any identifying employee information, was not shared with management.

Development of a formal retention plan based on analysis of employee survey data provides for a strategic and transparent method of addressing issues relating to retention. A plan also provides all parties in the workplace with knowledge of where the agency stands in terms of what needs to occur to prevent turnover on a critical metric, such as retention. Without a documented formal retention plan, the potential for managers to proactively initiate retention efforts and prevent turnover is reduced.

Recommendations

- (a) Develop and implement a retention plan that outlines the agency's comprehensive efforts to address employee retention, including the related processes and strategies.
- (b) Develop and implement a process to ensure exit survey data is periodically reviewed and analyzed to identify trends to use when considering where to focus employee retention efforts.
- (c) Develop and implement a process to share high-level, aggregate exit survey data, excluding any identifying employee information, with management.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Coordinate with the Executive Office to determine a need or strategy for an agency retention plan. The agency's FY24 exit survey data indicates various reasons for leaving. Non pay and benefits top categories include issues with supervisor and job dissatisfaction, which require business area contributions and participation for solution.*
- *Better define and document processes for reviewing and analyzing both TWDB and SAO exit survey data.*
- *Determine a process to share high-level exit survey with management. It is important to note that even aggregate data at the office-level can identify staff depending on the size of the department and number of separations. For example, office-level data provided to an office on a monthly basis may identify feedback by a specific separating employee if the office experienced only one or two separations for the month. Either aggregate data for the full agency should be provided or office-level data be provided for longer time periods with multiple data points (example, at least five or more office-level staff surveys submitted) to avoid identification of specific employees.*

Responsible Party: *Nathalie Antenor, Human Resources Manager / Edna Jackson, DEA, Operations and Administration*

Implementation Date: *10/31/25*

- 9. Controls over the agency's compensation review processes should be strengthened to establish a schedule, and to improve documentation and procedures, internal written rules, and communication.**

The agency has established various types of salary actions and their related processes to ensure pay is competitive for its employees. Primary methods include merit salary and one-time merit payments, equity adjustments, and retention bonuses – all of which are subject to available funds.

With increasingly higher employee turnover rates over the previous two fiscal years, during the same period of time when the agency was growing in size and responsibilities, a compensation review¹⁴ was performed in early fiscal year 2023. The review was a major agency-wide strategic effort to aid with employee retention. The purpose was to consider equity adjustments for staff with salaries inconsistent with desirable salary relationships – with some reclassifications also resulting from the review.

The process was conducted as a joint effort between management of various Offices within the agency and executive administration. Executive administration initiated and took the lead on the review, while coordinating with management of the Office of Operations & Administration in their role as HR Director. Salary data for state and Article VI agency averages, by job classification code, was used as a basis

¹⁴ Also referred to within the agency as an equity analysis.

for comparison, and standardized spreadsheets were used to document the analysis, including review and consideration of the criteria required by the General Appropriations Act and Employee Handbook.

Section 3.07 of the General Appropriations Act (GAA) authorizes equity adjustments and provides the following criteria when administering these actions:

- (a) A state agency may adjust the salary rate of an employee whose position is classified under the position classification plan to any rate within the employee's salary group range as needed to maintain desirable salary relationships:
 - (1) Between and among employees of the agency; or
 - (2) Between employees of the agency and employees who hold similar positions in the relevant labor market.
- (b) In determining desirable salary relationship under Subsection(a), a state agency shall consider education, skills, related work experience, length of service, and job performance of agency employees and similar employees in the relevant labor market.
- (c) A state agency may award an equity adjustment to an employee under this section only if the adjustment does not conflict with other state law.
- (d) A state agency shall adopt internal written rules relating to making equity adjustments under this section. Rules shall include procedures under which the agency will review and analyze the salary relationships between agency employees who receive salaries under the same job classification and perform the same type and level of work to determine if inequities exist.

Section 5.03 of the agency's Employee Handbook also outlines the internal rules, responsibilities, and criteria for processing equity adjustments.

In interviews with management involved in conducting the review for their Office, a significant majority expressed satisfaction with the progress made toward establishing more equitable and competitive salaries that resulted from the review. However, based on our evaluation of the process, we found the following areas in which controls over the compensation review process should be strengthened:

- **Frequency.** While salaries were reviewed regularly during the agency's hiring and selection process, agency-wide compensation reviews were not performed on a routine basis. Prior to the compensation review conducted in fiscal year 2023, the previous review¹⁵ was completed in fiscal year 2020. During the three-year interim, significant changes in the labor market took place, which resulted in higher-than-normal turnover rates for the agency. Salaries should be analyzed for relative competitiveness in a proactive manner to mitigate risk of perpetuating inequities, and to help ensure efficiency and cost effectiveness for the agency. Best practice recommends compensation reviews annually to keep up with the labor market and economic conditions.
- **Scope.** The scope of the fiscal year 2023 compensation review consisted of an analysis of salaries for all occupational categories and job classification codes across the agency's various Offices – a significant effort to execute in a limited time frame. A previous classification and salary review, completed in fiscal year 2020, was performed in several phases by occupational category. While this method took longer to complete, it was more manageable. It also facilitated the cross-agency analysis of similar positions, and helped ensure all positions and classification codes from all Offices were included for each occupational category.

¹⁵ HR Compensation and Classification Review 2019-2020.

- **Procedures.** Although high-level procedures and instructions were established, they were not sufficiently detailed for conducting the compensation review. Standardized spreadsheets were used to document the analysis, including review and consideration of the criteria required by GAA and Employee Handbook. For each employee, the spreadsheets documented the State and Article VI agency salary averages by job classification code. They also documented each employee's education, skills, relevant work experience, length of service, job performance, as well as additional data and information. Required criteria for determining and processing equity adjustments were provided to management with step-by-step instructions on how to complete their portion of the review, which was documented in the spreadsheets. Management was tasked with reviewing all data provided and making any recommendations for proposed annual salaries for their Office.

Our review found the methodology¹⁶ developed and distributed to management and executive administration to perform their portion of the review was implemented consistently among the Offices. However, we also noted:

- While some followed the step-by-step instructions provided to perform their portion of the review, others did not complete all steps, or in some instances, inserted additional columns of data, or changed formulas and the corresponding data that was originally included in the standardized spreadsheets.
 - Executive administration indicated a cross-agency analysis of similar positions and job classifications was conducted by filtering a master spreadsheet; however, we noted not all iterations of the cross-agency analysis were retained.
 - An observation regarding a formula used in one column of the spreadsheets was noted by management to executive administration; however, no changes were made as they indicated that it did not have a significant impact on the analysis. Based on our review of documentation, we could not determine the extent to which the data in that specific column was used by each of those involved in performing certain steps of the analysis. The formula and resulting values were one of many factors considered among several columns of data and information included in the spreadsheets, and ultimately used by management and executive administration to justify their proposed recommendations for annual salaries.
 - Section 3.07(b) of the GAA states, in determining desirable salary, the state agency shall consider education, skills, related work experience, length of service, and job performance of agency employees and similar employees in the relevant labor market. This section does not specifically reference job classification, or limit consideration in determining desirable salary to job classification. Therefore, in addition to an internal comparison between and among employees of the agency, conducting a more robust analysis of "similar employees or positions" in the relevant labor market may provide a more accurate determination of salary inequities for certain employees with unique working titles and responsibilities¹⁷.
- **Communication.** Communication regarding the process was not clear to all those involved. Some in management stated they were either not aware of, or did not clearly understand, all steps involved, including timing and sequence of certain procedural steps and expectations

¹⁶ Methodology refers to data and formulas included in standardized spreadsheets, and the instructions and guidance provided to management.

¹⁷ Such as those where only one position exists within in the agency.

for communicating results of the review to all levels of employees. We also noted the process for performing the cross-agency analysis of similar positions and classifications was not clearly outlined and understood.

Additionally, to provide supplementary data for consideration regarding differences between the complexity of the agency and its programs and operations, to the State and Article VI agency salary averages, an adjustment was incorporated into the analysis conducted during the cross-agency portion of the review. While our review found the adjusted data and related process was implemented consistently among all Offices, procedural steps involved in this portion of the analysis were not clearly communicated.

- **Responsibility.** The HR Director developed the standardized spreadsheets used to document the analysis, and management was tasked with reviewing all data provided and making any recommendations for proposed annual salaries for their Office. Once completed spreadsheets were returned, executive administration conducted a series of cross-agency reviews of similar classifications. Final recommendations for proposed salary adjustments were then presented to the executive administrator for review, comment, and approval. While HR gathered source data and guided some of the analysis, executive administration was the primary lead on the overall project and performed a significant portion of the analysis. This shared responsibility for ownership of the analysis, contributed to some of the issues noted above.

Recommendations

- (a) Establish a schedule for conducting compensation reviews, and ensure all occupational categories and related job classification codes are included.
- (b) Improve documentation of the comprehensive cross-agency analysis of similar positions.
- (c) Improve written procedures and internal written rules for reviewing and analyzing salary relationships to ensure they are sufficiently detailed for conducting compensation reviews, and are established in accordance with Section 3.07 of the GAA. HR's compensation specialist may consult with the Office of General Counsel, as needed, to ensure policy, procedures, and rules are consistent with required laws.
- (d) Improve communication over the process for conducting compensation reviews by providing detailed written procedures, instructions, and guidance to management performing any portion of the analysis to improve completion of their responsibilities and to ensure expectations regarding the process and information shared is understood. Clear instructions should provide a consistent understanding of each of the procedural steps, what the data reflects, and how the data should be interpreted and considered.
- (e) Ensure compensation reviews are led and administered by HR's compensation specialist, or other internal or external consultant that specializes in classification and compensation. Subject matter expertise, as well as impartiality and added segregation of duties over the process, can improve efficiency and effectiveness for the agency.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Coordinate with Executive and Finance Offices on the availability of funding for regularly scheduled agency-wide compensation reviews and define a recommended frequency.*
- *Refine and predefine methodologies used in the review process.*
- *Consult with the Office of General Counsel on any necessary revisions to internal written rules, policies and/or procedures.*

- *Develop clear instructions and guidance to management regarding the steps, data meanings and how the data should be interpreted and considered.*
- *Maintain ownership or contract management of the compensation review process. Human Resources will explore the feasibility of staffing a compensation analyst for the agency with a potential Certified Compensation Professional (CCP) certification.*

Responsible Party: *Edna Jackson, Deputy Executive Administrator, O&A / Nathalie Antenor, Human Resources Manager*

Implementation Date: *9/1/26*

10. A process to solicit feedback from employee's on managerial performance should be considered.

Supervisors were required to complete an introductory appraisal for employees after their first six months of employment with the agency. After that, annual performance appraisals were also required.

Supervisors complete the performance appraisals in ePM, the performance management module of CAPPS. The first eight questions of the appraisals were applicable to all employees, and the last four questions were specified for supervisor roles and were intended for feedback from the supervisor's manager, director, or DEA. However, the process did not provide an opportunity to solicit feedback on manager performance from employees.

Collecting feedback from employees can provide information on how well managers are performing in certain areas, and where they could improve to be more effective as leaders.

Recommendation

- Consider implementing a process to solicit employee feedback on managerial performance.

Management's Response: *Human Resources agrees with the recommendation.*

Human Resources will:

- *Finalize implementation of CAPPS ePM for 360 DEA feedback and seek Comptroller of Public Account assistance for configuring the tool for a broader supervisory population. If the system is not capable of expansion, Human Resources will seek other electronic or contracted alternatives.*

Responsible Party: *Michelle Hunter, Training and Organizational Development Specialist/ Nathalie Antenor, Human Resources Manager*

Implementation Date: *9/1/26*

11. For professional advancement, entry-level employees have the ability to progress through a highly structured state classification system, but the process should be improved to include formal career ladders.

We conducted interviews with Human Resources to identify the agency's professional development efforts, such as whether managers had conversations with employees regarding career development and their goals, and whether the agency had a process that outlines job progression in occupational

categories and job classifications. We also inquired about how managers identify high performing employees who may be at risk of leaving the agency.

Although the agency had initiated discussions, our review noted formal career ladders had not been established and implemented. High performing employees can be identified for future leadership roles through the Aspiring Leadership Program (ALP); however, the program did not systematically provide employees in technical and non-leadership roles with a clear and defined pathway that demonstrates potential promotional and lateral movement between occupational categories and job classifications.

Recommendation

- a) Establish a process to implement career ladders to provide employees with a clear path for growth and advancement.

Management's Response:

Human Resources recently implemented the Career Ladder Policy on September 23, 2024. Initial launch included an engineering career ladder for engineers and engineering-related project manager positions. The first round of related actions were processed effective 10/01/24. Human Resources is working on a communication strategy to promote the current engineering ladder for recruitment purposes. Human Resources is working on a strategy for expansion of the career ladder program and will coordinate with Finance. Expansion is subject to available funding.

Responsible Party: Edna Jackson, Deputy Executive Administrator, O&A / Sergio Pellicano, Workforce Recruiter / Nathalie Antenor, Human Resources Manager

Implementation Date: 09/1/25

Closing

We would like to express our appreciation to management and personnel for their cooperation and assistance provided to the internal audit staff during this review. For questions or additional information concerning this report, please contact Nicole Campbell at (512) 463-7978.

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