



Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

A Classification Compliance Audit Report on
**Information Technology Positions
at Selected General Government,
Judiciary, and Regulatory Agencies**

July 2021
Report No. 21-707



A Classification Compliance Audit Report on
**Information Technology Positions at
Selected General Government, Judiciary,
and Regulatory Agencies**

SAO Report No. 21-707
July 2021

Overall Conclusion

For the seven selected general government, judiciary, and regulatory agencies within Article I, Article IV, and Article VIII of the General Appropriations Act (86th Legislature), 797 employees¹ were identified as performing information technology work. Of those, 500 (62.7 percent) employees were correctly classified in accordance with the State's Position Classification Plan. Employees from the following general government, judiciary, and regulatory agencies were included in this audit:

- **Office of the Attorney General (Office).** The Office correctly classified 93 (49.5 percent) of the 188 employees tested.
- **Office of the Comptroller of Public Accounts (Comptroller's Office).** The Comptroller's Office correctly classified 276 (75.8 percent) of the 364 employees tested.
- **Employees Retirement System (System).** The System correctly classified 39 (60.0 percent) of the 65 employees tested.
- **Department of Information Resources (Department).** The Department correctly classified 30 (53.6 percent) of the 56 employees tested.
- **Office of Court Administration, Texas Judicial Council (Office).** The Office correctly classified 13 (72.2 percent) of the 18 employees tested.
- **Department of Insurance (Department).** The Department correctly classified 30 (40.5 percent) of the 74 employees tested.
- **Department of Licensing and Regulation (Department).** The Department correctly classified 19 (59.4 percent) of the 32 employees tested.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

¹ This included employees who had job classification titles located in the Information Technology occupational category within the State's Position Classification Plan. Also included in this audit were employees identified as performing work related to information technology but had job classification titles located in another occupational category. Those employees were at the Office of the Attorney General and the Department of Information Resources.

In accordance with Texas Government Code, Chapter 654, the agencies have taken or asserted that they will take action to address the 297 total misclassifications by:

- Reclassifying 265 employees (89.2 percent) into a different job classification series. For example, to correct a misclassification, an agency reclassified a Systems Analyst to a Data Analyst.
- Reclassifying 21 employees (7.1 percent) within the same job classification series but at a higher salary group.
- Reclassifying 6 employees (2.0 percent) within the same job classification series but at a lower salary group.
- Changing the job duties of 5 employees (1.7 percent) so the employees could remain in their current job classification title and be properly classified.

See Appendix 3 for more information on how agencies can address misclassifications.

Collectively, the Office of the Attorney General; Office of the Comptroller of Public Accounts; Office of Court Administration, Texas Judicial Council; Department of Insurance; and Department of Licensing and Regulation reported they will spend approximately \$91,160 annually to properly classify and compensate 20 of the 297 employees. The agencies reported that no employee received a salary decrease as a result of this audit.

Overall, employees performing information technology work at those seven agencies are an experienced group of professionals, with an average of approximately 18.3 years of occupational experience. A total of 66.1 percent have a bachelor's degree or higher. See Figure 1 for details.

Table 1 on the next page presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

The agencies self-reported the classification information on which this audit focused. However, auditors performed certain quality control procedures to help ensure the accuracy of the information used.

Figure 1

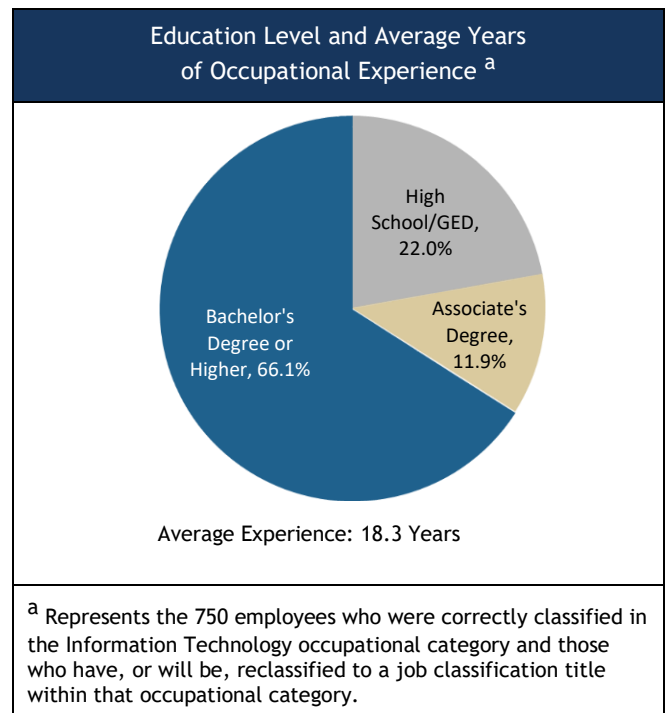


Table 1

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating ^a
1	Information Technology Positions at State Agencies	Not Rated
2-A	Analysis of Misclassified Employees at the Office of the Attorney General	Medium
2-B	Analysis of Misclassified Employees at the Office of the Comptroller of Public Accounts	Low
2-C	Analysis of Misclassified Employees at the Employees Retirement System	Medium
2-D	Analysis of Misclassified Employees at the Department of Information Resources	Medium
2-E	Analysis of Misclassified Employees at the Office of Court Administration, Texas Judicial Council	Low
2-F	Analysis of Misclassified Employees at the Department of Insurance	Medium
2-G	Analysis of Misclassified Employees at the Department of Licensing and Regulation	Medium

^a For the purposes of this audit, some of the factors considered to help determine the issue rating included percent of correctly classified employees, required salary increases associated with the reclassifications, and the timeliness of action to address the misclassifications. Another factor is the type and degree of misclassification; for example, an employee who is classified in an incorrect job classification series or an incorrect occupational category.

A chapter/subchapter is rated **Priority** if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated **High** if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated **Medium** if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

A chapter/subchapter is rated **Low** if the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Auditors communicated other, less significant issues separately in writing to the Office of the Comptroller of Public Accounts' management.

Summary of Management's Response

At the end of subchapters 2-B, 2-D, 2-F, and 2-G, the State's Auditor's Office made recommendations to address the misclassifications identified during this audit. The Office of the Comptroller of Public Accounts, Department of Information Resources, Department of Insurance, and Department of Licensing and Regulation agreed with the recommendations.

Audit Objective and Scope

The objective of this classification compliance audit was to determine whether selected state agencies are properly classifying employees in conformance with the State's Position Classification Plan, and complying with related laws, policies, and procedures.

The scope² of this audit included 797 employees from Articles I, IV, and VIII of the General Appropriations Act (86th Legislature) who were within the Information Technology occupational category or performing information technology-related work as of November 1, 2020. The seven state agencies selected for this audit were the Office of the Attorney General; Office of the Comptroller of Public Accounts; Employees Retirement System; Department of Information Resources; Office of Court Administration, Texas Judicial Council; Department of Insurance; and Department of Licensing and Regulation.

² The scope may exclude employees who were on extended leave, were promoted, or who left the agency during audit fieldwork.

Contents

Detailed Results

Chapter 1	
Information Technology Positions at State Agencies	1

Chapter 2	
Analysis of Employees Classified in the Information Technology Occupational Category at Selected General Government, Judiciary, and Regulatory Agencies	4

Appendices

Appendix 1	
Objective, Scope, and Methodology	24

Appendix 2	
Issue Rating Classifications and Descriptions	27

Appendix 3	
Excerpt from the Texas Government Code, Chapter 654.....	28

Appendix 4	
Related State Auditor's Office Reports	30

Detailed Results

Chapter 1

Information Technology Positions at State Agencies

Information technology careers at state agencies cover a broad range of jobs and include titles such as cybersecurity analyst, programmer, data base administrator, and web administrator. Employees classified in those job classification titles perform duties such as preventing and detecting cybersecurity threats, programming computers, managing databases, and maintaining websites. These types of jobs, as well as others in the information technology field, are included within the scope of this audit.

Information Technology Job Growth

When compared with fiscal year 2016, the number of employees in the Information Technology occupational category during fiscal year 2020 increased by 0.6 percent. However, in fiscal year 2020, the state employed 145 fewer full-time and part-time classified employees (a decrease of 3.1 percent) within the Information Technology occupational category compared to the previous fiscal year. This decline may be due, in part, to the COVID-19 pandemic, which started to affect agencies' hiring practices in the third quarter of fiscal year 2020. See Figure 2 for the five-year trend of employees

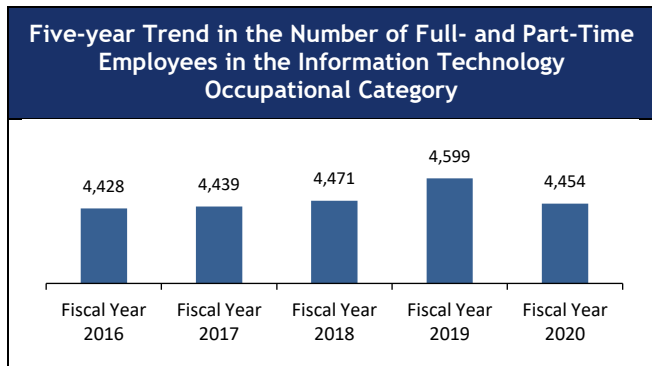
classified in the Information Technology category.

Although the total number of information technology employees at state agencies declined in fiscal year 2020, this may change in the future as the need for information technology professionals increases and state agencies' hiring returns to normal after the COVID-19 pandemic.

According to the United States Bureau of Labor Statistics (BLS), employment in information technology occupations is projected to grow 11.0 percent from 2019 to 2029, faster than the average for all

occupations. The BLS attributes this to "greater emphasis on cloud computing, the collection and storage of big data, and information security."

Figure 2



Sources: Uniform Statewide Payroll/Personnel System, Human Resource Information System, and Standardized Payroll/Personnel Reporting System.

Retention of Information Technology Professionals

The State Auditor's Office distributed a survey in November 2020 to gather information on employee turnover at state agencies. Of the 101 agencies surveyed, 67 responded. Results from that survey indicated that 13 state agencies were having challenges retaining information technology staff.³

State agencies may continue to see a challenge in retaining information technology professionals as the economic recovery continues. Recent publications by the Deloitte Center for Technology, Media & Telecommunications and PwC stated that the COVID-19 pandemic caused businesses to pivot quickly to a telecommuting model, resulting in an increased demand for information technology services such as videoconferencing and remote collaboration as companies adapted to keep employees productive.

Salary Range Utilization of Information Technology Job Classifications

Comparison of State Salary Ranges with Average Market Pay

A market index shows the relationship of a state salary range to the market average. For example, a market index of 1.00 indicates that the midpoint of a state salary range is fully competitive with the market. A market index of 0.80 indicates that the midpoint of the salary range is 20.0 percent less than the average market salary, and a market index of 1.05 indicates that the midpoint of a salary range is 5.0 percent more than the average market salary.

According to *A Biennial Report on the State's Position Classification Plan for the 2022-2023 Biennium* (State Auditor's Report No. 21-701, October 2020), the information technology occupational category has a competitive market index of 0.94, which means that on average, the midpoint of the salary ranges for jobs in the information technology category are within 6.0 percent of the market average.⁴

Although the salary ranges as a whole are generally competitive with the market average, 57.4 percent of employees in information technology job titles at state agencies were paid below the salary range midpoint in fiscal year 2020. Salary ranges are typically developed around the midpoint to allow flexibility for pay variances based on employee experience, expertise, and performance. Texas Government Code, Section 654.014, authorizes state agencies to determine an employee's salary rate within the applicable salary group for the employee's job classification title. State agencies can use the entire salary range for each position. Appropriate pay for employees who have limited experience or are not meeting performance targets may be closer to the minimum of the salary range. Similarly, a salary at the midpoint or higher in the salary range may be appropriate if an employee (1) has strong experience, (2) exceeds required qualifications, or (3) exceeds performance targets, and/or is an outstanding performer. Using the full salary range to accommodate employees' different

³ For additional information on the results of the survey, see *An Annual Report on Classified Employee Turnover for Fiscal Year 2020* (State Auditor's Report No. 21-703, December 2020).

⁴ The market analysis did not include all jobs in the Information Technology occupational category, but it did include benchmark jobs, which are jobs in the private and public sectors that match state jobs in terms of duties, scope, and responsibility. For additional information, see *A Biennial Report on the State's Position Classification Plan for the 2022-2023 Biennium* (State Auditor's Report No. 21-701, October 2020).

levels of skills and experience, as well as job performance, may help agencies improve employee recruitment and reduce turnover.

Analysis of Employees Classified in the Information Technology Occupational Category at Selected General Government, Judiciary, and Regulatory Agencies

A total of 500 (62.7 percent) of the 797 employees tested at 7 state agencies were correctly classified in accordance with the State's Position Classification Plan. The agencies reported that of those 797 employees tested:

- 788 were in a job classification series that fell within the Information Technology occupational category.
- 9 were performing information technology-related work but were in a job classification series located within another occupational category.⁵

While 500 employees were correctly classified, 297 employees were misclassified. This means there were 297 employees who were in job classifications that did not properly align with the State's Position Classification Plan, potentially affecting their salaries. Table 2 summarizes by agency the number of misclassifications identified during this audit.

Table 2

Summary of Employees Tested by Agency				
Agency Name	Number of Employees Tested	Number of Misclassified Employees	Percent of Misclassified Employees	Percent of Correctly Classified Employees
Article I - General Government				
Office of the Attorney General	188	95	50.5%	49.5%
Office of the Comptroller of Public Accounts	364	88	24.2%	75.8%
Employees Retirement System	65	26	40.0%	60.0%
Department of Information Resources	56	26	46.4%	53.6%
Article IV - Judiciary				
Office of Court Administration, Texas Judicial Council ^a	18	5	27.8%	72.2%
Article VIII - Regulatory				
Department of Insurance	74	44	59.5%	40.5%
Department of Licensing and Regulation ^a	32	13	40.6%	59.4%
Totals	797	297	37.3%	62.7%
^a The percent of misclassified employees may appear skewed for agencies that have fewer than 50 employees within the audit scope.				

⁵ The nine employees were at the Office of the Attorney General and Department of Information Resources.

Agencies have taken or asserted they will take action to address misclassifications. In accordance with Texas Government Code, Chapter 654, the agencies chose to address the misclassifications of 297 employees by taking the following actions:

- Reclassify 265 employees (89.2 percent) into a different job classification series. For example, to correct one misclassification, an agency reclassified a Systems Analyst to a Data Analyst.
- Reclassify 21 employees (7.1 percent) within the same job classification series but at a higher salary group.
- Reclassify 6 employees (2.0 percent) within the same job classification series but at a lower salary group.⁶
- Change the job duties of 5 employees (1.7 percent) so the employees could remain in their current job classification title and be properly classified.

See Appendix 3 for more information on how agencies can address misclassifications.

Table 3 on the next page lists the job classification series included in this audit. The table also summarizes the number of misclassified employees in each job classification series within the Information Technology occupational category, as well as employees identified by their respective agencies as performing information technology-related work but were in a job classification series located in another occupational category.

⁶ The agencies reported that those employees did not receive a salary decrease as a result of this audit.

Table 3

Job Classification Series Tested		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	26	5
Business Continuity Coordinator	4	0
Chief Cybersecurity Officer	2	1
Chief Information Officer	1	0
Computer Operations Specialist	2	0
Cybersecurity Analyst	32	7
Cybersecurity Officer	1	0
Data Base Administrator	24	1
Data Officer	1	0
Geographic Information Specialist	2	0
Information Security Officer	2	1
Information Technology Auditor	4	0
Information Technology Security Analyst	31	10
Network Specialist	49	25
Programmer	90	10
Systems Administrator	19	3
Systems Analyst	410	213
Systems Support Specialist	50	8
Telecommunications Specialist	13	4
Web Administrator	25	1
Other ^a	9	8
Totals	797	297
^a Includes Engineer, Director, Program Specialist, Program Supervisor, and Contract Specialist job classification series, which are in occupational categories other than Information Technology.		

Salaries will increase for 20 employees. The Office of the Attorney General; Office of the Comptroller of Public Accounts; Office of Court Administration, Texas Judicial Council; Department of Insurance; and the Department of Licensing and Regulation reported they will spend a total of \$91,160 annually to properly classify and compensate 20 of the 297 misclassified employees. Individual salary increases for those employees range from \$999 to \$23,220 annually. However, in most cases, the agencies have asserted that they will properly classify employees through reclassification without changing employees' salaries.

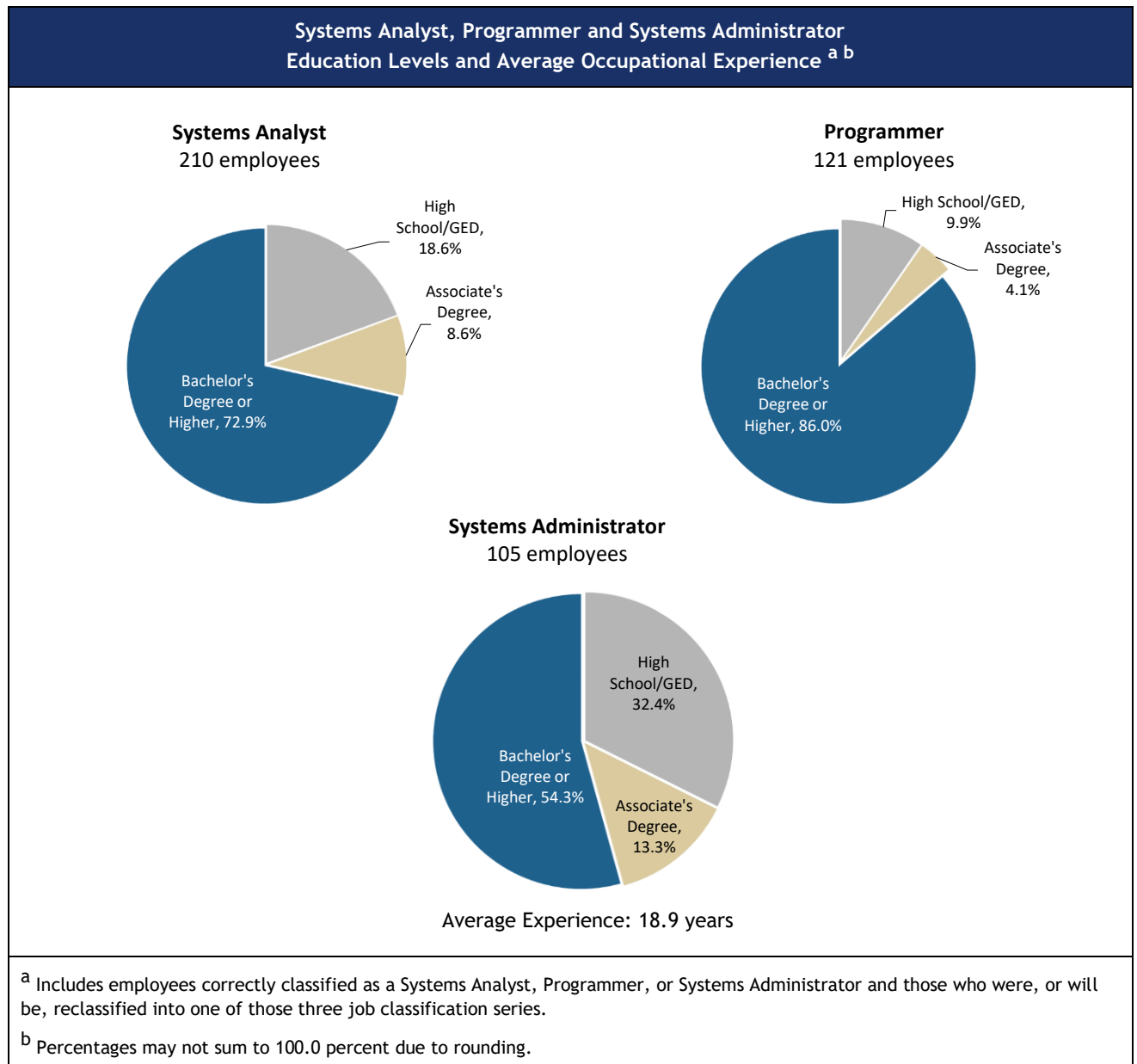
Information Technology experience and education levels vary at the selected Article I, Article IV, and Article VIII agencies. Experience and education levels vary across agencies for the employees⁷ within the scope of this audit who were performing information technology work and were, or will be, classified in a job classification series located in the Information Technology occupational category. Specifically:

- Employees had an average of 18.3 years of occupational experience.
- A total of 66.1 percent had a bachelor's degree or higher level degree.

At the selected agencies, the three largest job classification series were Systems Analyst, Programmer, and Systems Administrator. On average, employees in those three job classification series had 18.9 years of occupational experience. Most of the Systems Analysts, Programmers, and Systems Administrators had a bachelor's degree or higher. Figure 3 on the next page provides additional information on the average years of experience and education levels as reported by employees.

⁷ Education and experience information is based on 750 employees that were, or will be, correctly classified in an information technology job classification title after reclassifications are complete. The information excludes 47 employees who were, or will be, classified into a job classification series that is not within the Information Technology occupational category.

Figure 3



Analysis of Misclassified Employees at the Office of the Attorney General

**Chapter 2-A
Rating:**

Medium⁸

The Office of the Attorney General (Office) identified 188 employees who were classified in the Information Technology occupational category or performing similar work. Of those 188 employees, 93 (49.5 percent) were correctly classified in accordance with the State's Position Classification Plan.

For the 95 misclassified employees, the majority (90.5 percent) were in an incorrect job classification series, including 15 employees who were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to a Data Analyst to better align with the employee's duties. The Data Analyst job classification series is in the Planning, Research, and Statistics occupational category.

Table 4 on the next page shows the number of employees tested by job classification series, as well as the number of misclassified employees.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

⁸ The risk related to the issues discussed in Chapter 2-A is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

Table 4

Summary of Employees Tested by Job Classification Series at the Office		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	6	1
Business Continuity Coordinator	1	0
Chief Information Security Officer	1	0
Data Base Administrator	4	0
Information Security Officer	2	1
Information Technology Security Analyst	3	1
Network Specialist	26	19
Programmer	29	4
Systems Administrator	13	2
Systems Analyst	75	56
Systems Support Specialist	16	4
Web Administrator	5	1
Director ^a	1	0
Program Specialist ^a	4	4
Program Supervisor ^a	1	1
Contract Specialist ^a	1	1
Totals	188	95
^a During the course of this audit, the Office identified seven employees performing information technology-related work but who were in job classification series located in either the Program Management or the Property Management and Procurement occupational categories. For the purposes of this audit, those employees were included in testing.		

The Office took appropriate action to address the 95 misclassified employees. Specifically, the Office:

- Reclassified 86 employees into different job classification series.
- Reclassified 7 employees within the same job classification series but at a higher salary group.
- Reclassified 2 employees within the same job classification series but at a lower salary group; however, those employees did not receive a reduction in salary.

As a result of the reclassifications, two employees received annual salary increases of \$1,992 and \$4,803, respectively, for a total cost of \$6,795. There was no cost associated with reclassifying the other employees.

Management's Response

The Office of the Attorney General (OAG) agrees with the State Auditor's Office's recommendations and has completed all of the recommended personnel actions. These actions were completed effective April 1, 2021, and the OAG's Human Resources Director was responsible for ensuring their completion.

Analysis of Misclassified Employees at the Office of the Comptroller of Public Accounts

Chapter 2-B Rating:

Low⁹

The Office of the Comptroller of Public Accounts (Comptroller's Office) identified 364 employees who were classified in the Information Technology occupational category. Of those 364 employees, 276 (75.8 percent) were correctly classified in accordance with the State's Position Classification Plan. The 88 misclassified employees were performing job duties that did not align with their current job classification series. Three of those employees were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to a Project Manager to better align with the employee's duties. The Project Manager job classification series is in the Program Management occupational category.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 5 shows the number of employees tested by job classification series, as well as the number of misclassified employees.

Table 5

Summary of Employees Tested by Job Classification Series at the Comptroller's Office		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	2	0
Business Continuity Coordinator	3	0
Chief Cybersecurity Officer	1	1
Computer Operations Specialist	2	0
Cybersecurity Analyst	29	5
Data Base Administrator	8	0
Geographic Information Specialist	2	0
Information Technology Auditor	4	0
Information Technology Security Analyst	12	0
Network Specialist	7	2
Programmer	37	4

⁹ The risk related to the issues discussed in Chapter 2-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Summary of Employees Tested by Job Classification Series at the Comptroller's Office		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Systems Administrator	2	0
Systems Analyst	218	75
Systems Support Specialist	25	1
Web Administrator	12	0
Totals	364	88

The Comptroller's Office asserted that it will take appropriate action to address the 88 misclassified employees. Specifically, the Comptroller's Office will:

- Reclassify 78 employees into different job classification series.
- Reclassify 5 employees within the same job classification series but at a higher salary group.
- Change the job duties of 5 employees so the employees can remain in their current job classification titles and be properly classified.

The Comptroller's Office asserted that as a result of the reclassifications, five employees will receive annual salary increases ranging from \$999 to \$23,220, for a total annual cost of \$38,550.

Recommendation

To comply with the State's Position Classification Plan, the Comptroller's Office should complete reclassifications for the 88 misclassified employees.

Management's Response

The Comptroller of Public Accounts agrees with the recommendation made by the State Auditor's Office. Of the 88 positions they recommended to reclassify, 93% were reclassified effective May 1, 2021 and the remaining 7% were reclassified June 1, 2021.

Analysis of Misclassified Employees at the Employees Retirement System

**Chapter 2-C
Rating:**

Medium ¹⁰

The Employees Retirement System (System) identified 65 employees who were classified in the Information Technology occupational category. Of those 65 employees, 39 (60.0 percent) were correctly classified in accordance with the State's Position Classification Plan. The 26 misclassified employees were performing duties that did not align with their current job classification series.

Specifically, the majority (84.6 percent) of the 26 misclassified employees were in an incorrect job classification series. Three of those employees were also in an incorrect occupational category. For example, one employee will be reclassified from a Systems Analyst to a Manager. The Manager job classification series is in the Program Management occupational category.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 6 shows the number of those employees tested by job classification series, as well as the number of misclassified employees.

Table 6

Summary of Employees Tested by Job Classification Series at the System		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Business Analyst	14	4
Data Base Administrator	5	0
Data Officer	1	0
Information Technology Security Analyst	4	1
Network Specialist	3	0
Systems Analyst	33	21
Systems Support Specialist	4	0
Web Administrator	1	0
Totals	65	26

¹⁰ The risk related to the issues discussed in Chapter 2-C is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

The System took appropriate action to address the 26 misclassified employees. Specifically, the System:

- Reclassified 22 employees into different job classification series.
- Reclassified 4 employees within the same job classification series but at a higher salary group.

No cost was associated with reclassifying the employees.

Management's Response

The Employees Retirement System of Texas (ERS) appreciates the guidance provided by the State Auditor's Office's State Classification Team. ERS agrees with results and as reported has taken corrective action to fully address.

Analysis of Misclassified Employees at the Department of Information Resources

**Chapter 2-D
Rating:**

Medium ¹¹

The Department of Information Resources (Department) identified 56 employees who were classified in the Information Technology occupational category or performing similar work. Of those 56 employees, 30 (53.6 percent) were correctly classified in accordance with the State's Position Classification Plan. The 26 misclassified employees were performing job duties that did not align with their current job classification series. Nine of those employees were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to a Portfolio Project Manager to better align with the employee's duties. The Portfolio Project Manager job classification series is in the Program Management occupational category.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 7 shows the number of employees tested by job classification series, as well as the number of misclassified employees.

Table 7

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Engineer ^a	2	2
Business Analyst	4	0
Cybersecurity Officer	1	0
Data Base Administrator	2	0
Information Technology Security Analyst	8	5
Network Specialist	1	0
Programmer	3	0
Systems Analyst	24	15
Telecommunications Specialist	11	4
Totals	56	26

¹¹ The risk related to the issues discussed in Chapter 2-D is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
^a During the course of this audit, the Department identified two employees performing information technology-related work but who were in a job classification series located in the Engineering and Design occupational category. For the purposes of this audit, those employees were included in testing.		

The Department asserted that it will take appropriate action to address the 26 misclassified employees. Specifically, the Department will reclassify the 26 employees into different job classification series. The Department asserted that there will be no cost associated with reclassifying the employees.

Recommendation

To comply with the State’s Position Classification Plan, the Department should complete reclassifications for the 26 misclassified employees.

Management’s Response

The Texas Department of Information Resources (DIR) agrees with the recommendation and has completed reclassifications for the 26 misclassified employees. To ensure proper classification, DIR will educate agency personnel on the process for classification reviews and will continue to review positions to ensure proper classification and occupational category.

Analysis of Misclassified Employees at the Office of Court Administration, Texas Judicial Council

**Chapter 2-E
Rating:**

Low ¹²

The Office of Court Administration, Texas Judicial Council (Office) identified 18 employees who were classified in the Information Technology occupational category. Of those 18 employees, 13 (72.2 percent) were correctly classified in accordance with the State's Position Classification Plan. The five misclassified employees were performing duties that did not align with their current job classification titles.

Table 8 shows the number of employees tested by job classification series, as well as the number of misclassified employees.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 8

Summary of Employees Tested by Job Classification Series at the Office		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Data Base Administrator	2	0
Information Technology Security Analyst	1	1
Network Specialist	1	0
Programmer	4	0
Systems Administrator	2	1
Systems Analyst	3	0
Systems Support Specialist	3	3
Web Administrator	2	0
Totals	18	5

¹² The risk related to the issues discussed in Chapter 2-E is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

The Office took appropriate action to address the misclassified employees. Specifically, the Office:

- Reclassified four employees within the same job classification series but at a lower salary group; however, those employees did not receive a reduction in salary.
- Reclassified one employee within the same job classification series but at a higher salary group.

As a result of the reclassifications, one employee received an annual salary increase of \$4,689.

Analysis of Misclassified Employees at the Department of Insurance**Chapter 2-F
Rating:**Medium ¹³

The Department of Insurance (Department) identified 74 employees who were classified in the Information Technology occupational category. Of those 74 employees, 30 (40.5 percent) were correctly classified in accordance with the State's Position Classification Plan. The 44 misclassified employees were performing job duties that did not align with their current job classification series.

Specifically, the majority (95.5 percent) of the 44 misclassified employees were in an incorrect job classification series. Fourteen of those employees were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to a Data Analyst to better align with the employee's duties. The Data Analyst job classification series is in the Planning, Research, and Statistics occupational category.

Table 9 shows the number of employees tested by job classification series, as well as the number of misclassified employees.

Table 9

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Chief Cybersecurity Officer	1	0
Data Base Administrator	3	1
Information Technology Security Analyst	2	1
Network Specialist	8	4
Programmer	15	2
Systems Analyst	41	36
Telecommunications Specialist	2	0
Web Administrator	2	0
Totals	74	44

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

¹³ The risk related to the issues discussed in Chapter 2-F is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

The Department asserted that it will take appropriate action to address the 44 misclassified employees. Specifically, the Department will:

- Reclassify 42 employees into different job classification series.
- Reclassify 2 employees within the same job classification series but at a higher salary group.

The Department asserted that as a result of the reclassifications, one employee will receive an annual salary increase of \$1,484.

Recommendation

To comply with the State's Position Classification Plan, the Department should complete reclassifications for the 44 misclassified employees.

Management's Response

The Texas Department of Insurance agrees with the recommendations made by the State Auditor's Office. The Department completed the following actions as of May 1, 2021.

- *Reclassified 42 employees into different job classification series.*
- *Reclassified 2 employees within the same job classification series but a higher salary group.*

As a result of the reclassifications, one employee received an annual salary increase of \$1,484 and no employee received a decrease in pay.

Analysis of Misclassified Employees at the Department of Licensing and Regulation

**Chapter 2-G
Rating:**
Medium ¹⁴

The Department of Licensing and Regulation (Department) identified 32 employees who were classified in the Information Technology occupational category. Of those 32 employees, 19 (59.4 percent) were correctly classified in accordance with the State's Position Classification Plan. The 13 misclassified employees were performing duties that did not align with their current job classification series.

Specifically, the majority (84.6 percent) of the 13 misclassified employees were in an incorrect job classification series, including 2 employees who were also in an incorrect occupational category. For example, one employee will be reclassified from a Systems Analyst to a Manager. The Manager job classification series is in the Program Management occupational category.

Position Classification Plan Definitions

Occupational Category - A broad series of job families characterized by the nature of work performed. Currently, the State's Position Classification Plan covers 27 occupational categories (for example, Social Services and Information Technology).

Job Classification Series - A hierarchical structure of jobs arranged into job classification titles involving work of the same nature but requiring different levels of responsibility.

Job Classification Title - An individual job within a job classification series. Each job classification title has a corresponding salary group assignment appropriate for the type and level of work being performed (for example, Programmer III).

Reclassification - The act of changing a position from one job classification to another job classification that better reflects the level or type of work being performed.

Table 10 shows the number of employees tested by job classification series, as well as the number of misclassified employees.

Table 10

Summary of Employees Tested by Job Classification Series at the Department		
Job Classification Series	Number of Employees Tested	Number of Misclassified Employees
Cybersecurity Analyst	3	2
Information Technology Security Analyst	1	1
Network Specialist	3	0
Programmer	2	0
Systems Administrator	2	0
Systems Analyst	16	10
Systems Support Specialist	2	0
Web Administrator	3	0
Totals	32	13

¹⁴ The risk related to the issues discussed in Chapter 2-G is rated as Medium because they present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

The Department took appropriate action to address the 13 misclassified employees. Specifically, the Department:

- Reclassified 11 employees into different job classification series.
- Reclassified 2 employees within the same job classification series but at a higher salary group.

As a result of the reclassifications, 11 employees received annual salary increases ranging from \$2,223 to \$7,752 for a total annual cost of \$39,642.

Management's Response

The Texas Department of Licensing and Regulation (TDLR) agrees with the recommendations presented by the State Auditor's Office. Based upon these recommendations, TDLR:

- *Reclassified 11 employees into different classification series.*
- *Reclassified 2 employees with the same classification series.*

The Human Resources Division processed the reclassifications and notified the division directors of affected staff. Employees were informed of their change in classification by their directors. No employee had a decrease in salary as a result of the audit.

Person Responsible: Human Resources Division Director

Implementation Date: March 15, 2021

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this classification compliance audit was to determine whether selected state agencies are properly classifying employees in conformance with the State’s Position Classification Plan, and complying with related laws, policies, and procedures.

Scope

The scope¹⁵ of this audit included 797 employees from Articles I, IV, and VIII of the General Appropriations Act (86th Legislature) who were within the Information Technology occupational category or performing information technology-related work as of November 1, 2020. The seven state agencies selected for this audit were the Office of the Attorney General; Office of the Comptroller of Public Accounts; Employees Retirement System; Department of Information Resources; Office of Court Administration, Texas Judicial Council; Department of Insurance; and Department of Licensing and Regulation.

Methodology

The audit methodology included collecting information and documentation, reviewing and analyzing survey responses completed by employees at the seven state agencies and verified by their respective supervisors, and conducting interviews with management at the seven state agencies.

The State Auditor’s Office’s State Classification Team evaluates jobs on a “whole job” basis to determine proper job classifications. The determinations are primarily based on a comparison of duties and responsibilities of the majority of work being performed against the state job descriptions.

When determining proper classification, the State Classification Team does not focus on specific differences between one level and the next level in a job classification series (for example, Systems Analyst I compared to Systems Analyst II). Instead, the State Classification Team considers whether an employee is appropriately classified within broad responsibility levels, such as Staff Systems Analyst (Systems Analyst I, Systems Analyst II, and Systems

¹⁵ The scope may exclude employees who were on extended leave, were promoted, or who left the agency during audit fieldwork.

Analyst III positions) compared to Senior Systems Analyst (Systems Analyst IV, Systems Analyst V, Systems Analyst VI, and Systems Analyst VII positions).

The State Classification Team used an automated job evaluation process and populated a database with information regarding the employees whose positions were tested. Staff at the seven agencies verified the information to ensure that all employees within the audit scope were included. Employees at those agencies were then asked to complete online surveys describing the work they perform and the percentage of time they spend performing their duties. Supervisors were asked to review and verify employees' survey responses.

Completed survey results were entered into an automated job evaluation system, which made an initial determination of whether the employees were appropriately classified. The State Classification Team reviewed all surveys to determine and validate the proper classification of employees. The State Classification Team made follow-up calls or sent clarification emails to gather additional information to determine the proper classification of employees. Each agency then had the opportunity to review and address potential misclassifications.

Data Reliability and Completeness

Auditors determined that the data in the Classification Compliance Audit System was reliable for the purposes of this audit.

Information collected and reviewed included the following:

- Surveys completed by employees at the seven agencies audited and verified by their supervisors.
- Correspondence from the human resources offices and supervisors at the seven agencies.

Procedures and tests conducted included the following:

- Performed follow-up procedures at the seven agencies to validate proper classification of employees and to gather additional information to resolve discrepancies.

Criteria used included the following:

- Texas Government Code, Chapter 654.
- State job descriptions.

Project Information

Audit fieldwork was conducted from November 2020 through June 2021. We conducted this performance audit 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 following members of the State Auditor's staff performed the audit:

- Kathy-Ann Moe, MBA (Project Manager)
- J. Taylor Sams, CGAP, MBA (Assistant Project Manager)
- Douglas Jarnagan, MAcc
- Juan R. Sanchez, MPA
- Sharon Schneider, CCP, PHR, SHRM-CP
- Lara Foronda Tai, PHR, SHRM-CP
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Courtney Ambres-Wade, CFE, CGAP (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgment and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

For the purposes of this audit, some of the factors considered to help determine the issue rating included percent of correctly classified employees, required salary increases associated with the reclassifications, and the timeliness of action to address the misclassifications. Another factor is the type and degree of misclassification; for example, an employee who is classified in an incorrect job classification series or an incorrect occupational category.

Table 11 provides a description of the issue ratings presented in this report.

Table 11

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Excerpt from the Texas Government Code, Chapter 654

This audit was conducted in accordance with the Position Classification Act, Texas Government Code, Chapter 654, an excerpt of which is presented below.

Sec. 654.0155. PERIODIC REVIEW OF POSITIONS.

To ensure that each position is properly classified, each employing state entity subject to this chapter:

- (1) shall annually review individual job assignments within the entity; and
- (2) may perform a monthly review of job assignments.

Sec. 654.036. GENERAL DUTIES OF CLASSIFICATION OFFICER.

The classification officer shall:

- (1) maintain and keep current the position classification plan;
- (2) advise and assist state agencies in equitably and uniformly applying the plan;
- (3) conduct classification compliance audits to ensure conformity with the plan; and
- (4) make recommendations that the classification officer finds necessary and desirable about the operation and for improvement of the plan to the governor and the legislature.

Sec. 654.038. CLASSIFICATION COMPLIANCE AUDITS; NOTIFICATION AND VOLUNTARY CORRECTION OF NONCONFORMITY.

(a) The classification officer shall notify the governor, the comptroller, the Legislative Audit Committee, and the chief executive of the agency in writing when a classification compliance audit reveals nonconformity with the position classification plan or with prescribed salary ranges. The notification shall specify the points of nonconformity.

(b) The chief executive is entitled to a reasonable opportunity to resolve the nonconformity by:

- (1) reclassifying the employee to a position title or class consistent with the work performed;
- (2) changing the employee's duties to conform to the assigned class; or

(3) obtaining a new class description of work and salary range.

Related State Auditor's Office Reports

Table 12

Related State Auditor's Office Reports		
Number	Report Name	Release Date
21-702	<i>A Classification Compliance Audit Report on Information Technology Positions at Selected Public Safety and Criminal Justice Agencies</i>	October 2020
20-701	<i>A Classification Compliance Audit Report on Information Technology Positions at Business and Economic Development Agencies</i>	January 2020
19-706	<i>A Classification Compliance Audit Report on Information Technology Positions at Natural Resources Agencies</i>	February 2019
18-701	<i>A Classification Compliance Audit Report on Information Technology Positions at Selected Education Agencies</i>	October 2017

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Dade Phelan, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable Greg Bonnen, House Appropriations Committee
The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Department of Information Resources

Members of the Department of Information Resources Governing Board

Mr. Ben Gatzke, Chair
Mr. Mike Bell
Mr. Stuart A. Bernstein
Mr. Bryan Collier
Ms. Stacey Napier
Ms. Melody Parrish
Mr. Carter Smith
Mr. Jeffrey Tayon
Ms. Kara Thompson

Ms. Amanda Crawford, Executive Director and State Chief Information Officer

Department of Insurance

Mr. Doug Slape, Chief Deputy Commissioner

Department of Licensing and Regulation

Members of the Department of Licensing and Regulation Commission

Mr. Rick Figueroa, Chair
Mr. Thomas F. Butler, Vice Chair
Ms. Helen Callier
Dr. Gerald R. Callas
Dr. Gary F. Wesson
Ms. Nora Castañeda

Mr. Brian E. Francis, Executive Director

Employees Retirement System

Members of the Employees Retirement System Board of Trustees

Mr. I. Craig Hester, Chair

Ms. Catherine Melvin, Vice-Chair

Ms. Ilesa Daniels

Mr. Brian Barth

Dr. James Kee

Mr. Porter Wilson, Executive Director

Office of the Attorney General

The Honorable Ken Paxton, Attorney General

Mr. Brent Webster, First Assistant Attorney General

Ms. Lesley French, Chief of Staff

Office of the Comptroller of Public Accounts

The Honorable Glenn Hegar, Comptroller of Public Accounts

Ms. Lisa Craven, Deputy Comptroller/Chief Clerk, Chief of Staff

Office of Court Administration, Texas Judicial Council

Mr. David Slayton, Administrative Director



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: www.sao.texas.gov.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government visit <https://sao.fraud.texas.gov>.