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A Classification Compliance Audit Report on

Systems Analyst Positions at Health and Human Services Agencies

February 2022
Report No. 22-701

Systems Analyst Positions at Health and Human Services Agencies

Overall Conclusion

For the three health and human services agencies within Article II of the General Appropriations Act (87th Legislature), 388 (50.9 percent) of 762 employees tested were correctly classified in accordance with the State's Position Classification Plan. (See the text box for key definitions.) The employees tested were classified within the Systems Analyst job classification series, which is within the Information Technology occupational category. Table 1 summarizes the findings for the employee classifications tested at the three agencies.

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 26 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 (for example, Programmer I through Programmer VI).

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 1

Summary of Findings			
Agency Name	Number of Employees Tested	Number of Correctly Classified Employees	Number of Misclassified Employees
Department of Family and Protective Services	141	92	49
Department of State Health Services	15	10	5
Health and Human Services Commission	606	286	320
Totals	**762**	**388**	**374**

In accordance with Texas Government Code, Chapter 654, the agencies have asserted that they will take action to address the 374 total misclassifications by:

➢ Reclassifying 365 (97.6 percent) of the misclassified employees into different job classification series. For example, to correct a misclassification, an agency reclassified a Systems Analyst as a Creative Media Designer.

➢ Reclassifying 9 (2.4 percent) of the misclassified employees within the same job classification series but at a higher salary group.

See Appendix 3 for more information on how agencies can address misclassifications. (The text box outlines agency classification responsibilities.)

Collectively, the Department of Family and Protective Services and the Health and Human Services Commission reported they will spend approximately $201,021 annually to properly classify and compensate 34 of the 374 misclassified employees. The agencies reported that no employee will receive a salary decrease as a result of this audit.

Responsibility for Employee Classification

NorthgateArinso (NGA) contracts to provide human resources and payroll assistance to the Department of Family and Protective Services, Department of State Health Services, and the Health and Human Services Commission. Agency supervisors and human resources classification staff partner with NGA and share the responsibility for ensuring that employees are classified in accordance with the State's Position Classification Plan.

Source: The health and human services agencies' human resources offices.

Overall, employees performing systems analyst work at the three agencies are an experienced group of professionals, with an average of approximately 16.7 years of occupational experience. A total of 76.8 percent have a bachelor's degree or higher. See Figure 1 for details.

Figure 1

Education Level and Average Years of Occupational Experience [a]

High School/GED 14.6%

Associate's Degree 8.6%

Bachelor's Degree or Higher 76.8%

Average Experience: 16.7 Years

[a] Represents the 397 employees who were performing systems analyst duties. This includes the 388 employees correctly classified in the systems analyst job series and the 9 employees who will be reclassified within the systems analyst job series but at a higher salary group.
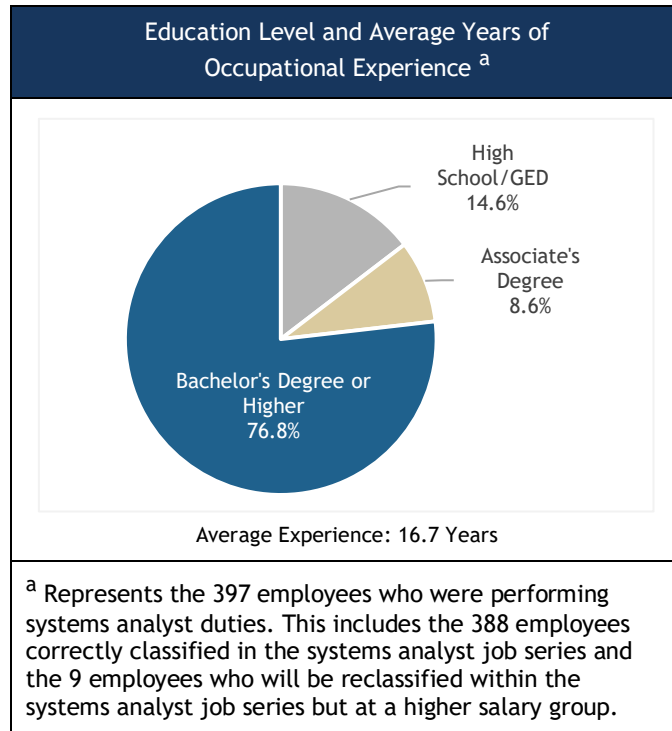
Table 2 on the next page presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 2

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating [a]
1	Systems Analyst Positions Within Article II Agencies	Not Rated
2	Analysis of Employees Classified in the Systems Analyst Job Classification Series at Health and Human Services Agencies	Not Rated
2-A	Analysis of Misclassified Employees at the Department of Family and Protective Services	Medium
2-B	Analysis of Misclassified Employees at the Department of State Health Services	Low
2-C	Analysis of Misclassified Employees at the Health and Human Services Commission	High

[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.

This report concludes a series of six classification compliance audits of information technology positions at selected state agencies. This series of audits addressed agencies from all articles of the General Appropriations Act (87th Legislature). (See Appendix 4 for a list of the previous five audits of information technology positions.)

Summary of Management's Response

At the end of Subchapters 2-A, 2-B, and 2-C, the State's Auditor's Office made recommendations to address the misclassifications identified during this audit. The Department of Family and Protective Services, the Department of State Health Services, and the Health and Human Services Commission agreed with those 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 scope[1] of this audit included 762 employees from Article II of the General Appropriations Act (87th Legislature) who were classified in the Systems Analyst job classification series within the Information Technology occupational category as of March 1, 2021. The three state agencies audited were the Department of Family and Protective Services, the Department of State Health Services, and the Health and Human Services Commission.

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

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Detailed Results

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Detailed Results

Systems Analyst Positions Within Article II Agencies

Information technology careers at state agencies cover a broad range of jobs. Of those jobs, more employees are classified in the Systems Analyst job classification series than any other in the Information Technology occupational category. Employees properly classified within that series typically perform a variety of duties, including analyzing information technology system requirements, automating manual processes, improving existing systems, and implementing designs using software-programming languages.

This audit focuses on employees classified in the Systems Analyst job classification series at health and human services agencies (Article II of the General Appropriations Act, 87th Legislature). In fiscal year 2021, state agencies collectively employed 1,718 systems analysts, making it the most populated job classification series within the Information Technology occupational category. Of those 1,718 systems analysts, 840 (48.9 percent) were employed within Article II agencies.

Figure 2 displays a breakdown of the number of systems analysts at Article II agencies and all other state agencies over the past five fiscal years.

Figure 2

Employee Headcount by Fiscal Year
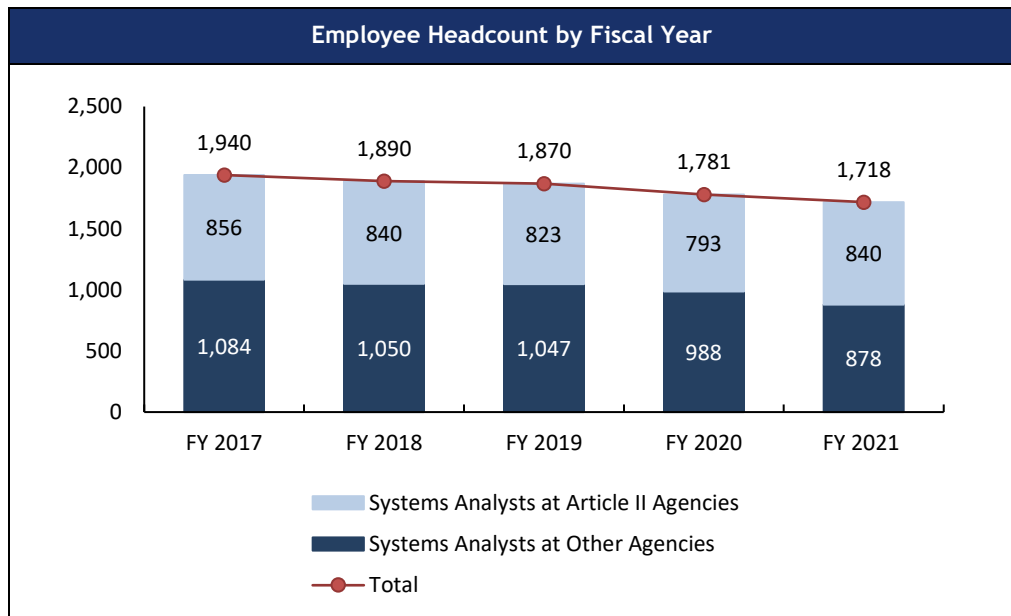
Sources: Uniform Statewide Payroll/Personnel System, Human Resource Information System, and Standardized Payroll/Personnel Reporting System.

This is the sixth report since October 2017 conveying the findings of classification compliance audits of information technology positions at state agencies. (See Appendix 4 for a list of the previous five audits of information technology positions.)

Analysis of Employees Classified in the Systems Analyst Job Classification Series at Health and Human Services Agencies

Approximately half (50.9 percent) of the employees classified in the Systems Analyst job classification series at all 3 health and human services agencies (Article II of the General Appropriations Act, 87th Legislature) were correctly classified in accordance with the State's Position Classification Plan.

In previous information technology classification compliance audits at selected state agencies in Article I: General Government, Article III: Education, Article IV: The Judiciary, Article V: Public Safety and Criminal Justice, Article VI: Natural Resources, Article VII: Business and Economic Development, and Article VIII: Regulatory of the General Appropriations Act, 540 (57.7 percent) of 936 employees classified in the Systems Analyst job classification series were correctly classified. (See Appendix 4 for a list of previous audits on information technology positions.)

Appropriate job classification is important in determining salary rates that are competitive for the nature of the work performed. Misclassification of employees may result in an agency underpaying or overpaying employees.

Table 3 summarizes the number of misclassifications identified during this audit by agency.

Table 3

Summary of Employees Tested				
Agency Name	**Number of Employees Tested**	**Number of Misclassified Employees**	**Percentage of Misclassified Employees**	**Percentage of Correctly Classified Employees**
Department of Family and Protective Services	141	49	34.8%	65.2%
Department of State Health Services [a]	15	5	33.3%	66.7%
Health and Human Services Commission	606	320	52.8%	47.2%
Totals	**762**	**374**	**49.1%**	**50.9%**

[a] The percentage of misclassified employees may appear skewed for agencies that have fewer than 50 employees within the audit scope.

All three agencies have asserted they will take action to address misclassifications.

In accordance with Texas Government Code, Chapter 654, the agencies asserted that they will address the misclassifications of 374 employees by taking the following actions:

- Reclassify 365 employees (97.6 percent) into different job classification series. For example, to correct one misclassification, an agency will reclassify a Systems Analyst as a Creative Media Designer.

- Reclassify 9 employees (2.4 percent) within the same job classification series but at a higher salary group.

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

Salaries will increase for 34 employees. The Department of Family and Protective Services and the Health and Human Services Commission reported that they will spend a total of $201,021 annually to properly classify and compensate 34 of the 374 misclassified employees. Individual salary increases for those employees range from $269 to $14,623 annually. However, in most cases, the agencies have asserted that they will properly classify employees through reclassification without changing employees' salaries.

Table 4 on the next page summarizes the total number of misclassified employees within this audit who will be reclassified into different job classification series.

Table 4

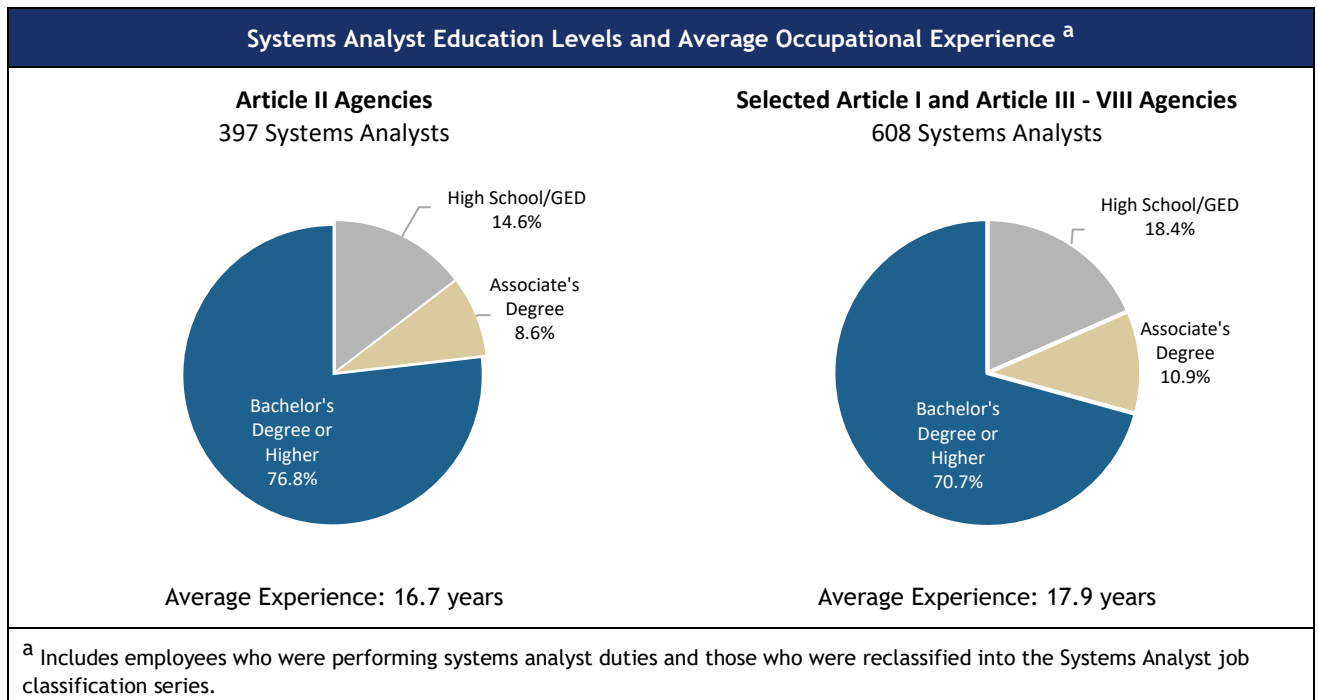| Summary of Employee Reclassifications into Different Job Classification Series	
Job Classification Series After Reclassification	Number of Employees To Be Reclassified
Systems Support Specialist	77
Systems Administrator	66
Information Technology Business Analyst	52
Programmer	36
Manager [a]	30
Program Specialist [a]	21
Database Administrator	20
Data Analyst [a]	18
Network Specialist	8
Project Manager [a]	8
Telecommunications Specialist	8
Web Administrator	8
Program Supervisor [a]	3
Business Continuity Coordinator	1
Compliance Analyst [a]	1
Contract Specialist [a]	1
Creative Media Designer [a]	1
Director [a]	1
E-Learning Developer [a]	1
Financial Analyst [a]	1
Information Security Analyst	1
Technical Writer [a]	1
Training and Development Specialist [a]	1
Totals	**365**
[a] This job classification series is located in an occupational category other than Information Technology.	

Experience and education levels vary at Article II agencies. Experience and education levels vary across agencies for the 397 employees[2] within the scope of this audit who were performing systems analyst work. Across the board:

- Employees had an average of 16.7 years of experience performing the same or similar types of work.

- The majority (76.8 percent) had a bachelor's degree or higher-level degree.

Experience and education levels at Article II agencies appear consistent with selected agencies from other Articles. In previous information technology classification compliance audits, 608 employees were performing systems analyst work. These employees had an average of 17.9 years of performing the same or similar type work, and the majority (70.7 percent) had a bachelor's degree or higher.

Figure 3 provides additional information on the average years of experience and education levels identified in both this audit of Article II agencies and the previous audits.

Figure 3

Systems Analyst Education Levels and Average Occupational Experience [a]

Article II Agencies
397 Systems Analysts

High School/GED 14.6%
Associate's Degree 8.6%
Bachelor's Degree or Higher 76.8%

Average Experience: 16.7 years

Selected Article I and Article III - VIII Agencies
608 Systems Analysts

High School/GED 18.4%
Associate's Degree 10.9%
Bachelor's Degree or Higher 70.7%

Average Experience: 17.9 years

[a] Includes employees who were performing systems analyst duties and those who were reclassified into the Systems Analyst job classification series.

Source: Classification Compliance Audit System, State Auditor's Office.

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[2] Education and experience information is based on 397 employees who were performing systems analyst duties. The information excludes 365 employees who will be classified into a job classification series other than Systems Analyst.

Analysis of Misclassified Employees at the Department of Family and Protective Services

Chapter 2-A Rating:
Medium [3]

The Department of Family and Protective Services (Department)[4] identified 141 employees who were classified in the Systems Analyst job series; of those 141 employees, 49 (34.8 percent) were not correctly classified in accordance with the State's Position Classification Plan. Of the 49 misclassified employees, auditors noted the following:

- All (100 percent) misclassified employees were in an incorrect job classification series, including 29 employees who were also in an incorrect occupational category. For example, one misclassified employee will be reclassified from a Systems Analyst to a Manager to better align with the employee's job duties. The Manager job classification series is in the Program Management occupational category.

- Five (10.2 percent) of misclassified employees will require a salary increase to bring their salary up to the minimum of the new salary range. Additionally, three other misclassified employees will receive salary increases.

The Department indicated that as a result of the reclassifications, 8 employees will receive annual salary increases ranging from $2,430 to $14,623, for a total cost of $65,599. There was no cost associated with reclassifying the other 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 26 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 (for example, Programmer I through Programmer VI).
>
> **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.

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[3] 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.

[4] The Department of Family and Protective Services contracts with NorthgateArinso for certain human resources services, which includes a shared responsibility for ensuring that employees are classified in accordance with the State's Position Classification Plan.

The Department asserted that it will take appropriate action to address the 49 misclassified employees. Specifically, the Department will reclassify the 49 employees into different job classification series.

Table 5 summarizes the total number of misclassified employees at the Department who will be reclassified from the Systems Analyst series into different job classification series.

Table 5

Summary of Employee Reclassifications into Different Job Classification Series	
Job Classification Series After Reclassification	Number of Employees To Be Reclassified
Manager [a]	15
Systems Administrator	12
Program Specialist [a]	11
Programmer	4
Network Specialist	2
E-Learning Developer [a]	1
Financial Analyst [a]	1
Program Supervisor [a]	1
Systems Support Specialist	1
Web Administrator	1
Totals	**49**

[a] This job classification series is located in an occupational category other than Information Technology.

Recommendation

To comply with the State's Position Classification Plan, the Department should complete reclassifications for the 49 misclassified employees.

Management's Response

In response to the Texas State Auditor's Office (SAO), a Classification Compliance Audit Report on Systems Analyst Positions at Article II agencies, the agency agrees with the findings reported. Of the 49 misclassified positions, the Human Resources Department has reclassified 16 of these positions effective January 1, 2022 and the remaining 33 positions will be reclassified effective August 31, 2022.

Analysis of Misclassified Employees at the Department of State Health Services

Chapter 2-B Rating:

Low [5]

The Department of State Health Services (Department)[6] identified 15 employees who were classified in the Systems Analyst job classification series; all but 5 of those employees were correctly classified in accordance with the State's Position Classification Plan.

Four of the misclassified employees were performing duties that did not align with their current job classification series. For example, one employee misclassified as a systems analyst was performing job duties consistent with those of the Manager job classification series. Additionally, one misclassified employee was in an incorrect job classification title.

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 26 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 (for example, Programmer I through Programmer VI).

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.

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

- Reclassify four employees into different job classification series.

- Reclassify one employee within the same job classification series but at a higher salary group.

No cost will be associated with reclassifying the employees.

Table 6 on the next page summarizes the total number of misclassified employees at the Department who will be reclassified from the Systems Analyst series into different job classification series.

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[5] 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.

[6] The Department of State Health Services contracts with NorthgateArinso for certain human resources services, which includes a shared responsibility for ensuring that employees are classified in accordance with the State's Position Classification Plan.

Table 6

Summary of Employee Reclassifications into Different Job Classification Series	
Job Classification Series After Reclassification	**Number of Employees To Be Reclassified**
Manager [a]	1
Program Supervisor [a]	1
Systems Support Specialist	1
Web Administrator	1
Totals	**4**

[a] This job classification series is located in an occupational category other than Information Technology.

Recommendation

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

Management's Response

The Department of State Health Services completed reclassifications for the five misclassified employees effective January 1, 2022. LaDawn Gray, Director, Human Resources, was responsible for implementing corrective action.

Analysis of Misclassified Employees at the Health and Human Services Commission

Chapter 2-C Rating:

High [7]

The Health and Human Services Commission (Commission)[8] identified 606 employees who were classified in the Systems Analyst job series; of those 606 employees, 320 (52.8 percent) were not correctly classified in accordance with the State's Position Classification Plan. Of the 320 misclassified employees, auditors noted the following:

- A total of 312 (97.5 percent) employees were in an incorrect job classification series, including 57 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 job duties. The Data Analyst job classification series is in the Planning, Research, and Statistics occupational category.

- In all, 25 (7.8 percent) misclassified employees will require a salary increase to bring their salary up to the minimum of the new salary range. Additionally, 1 other misclassified employee will receive a salary increase.

The Commission indicated that as a result of the reclassifications, 26 employees received annual salary increases ranging from $269 to $12,093, for a total annual cost of $135,422. There will be no cost associated with reclassifying the other employees.

The Commission asserted that it will take appropriate action to address the 320 misclassified employees. Specifically, the Commission will:

> **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 26 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 (for example, Programmer I through Programmer VI).
>
> **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.

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[7] The risk related to the issues discussed in Chapter 2-C rated as High because 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(s) and reduce risks to the audited entity.

[8] The Health and Human Services Commission contracts with NorthgateArinso for certain human resources services, which includes a shared responsibility for ensuring that employees are classified in accordance with the State's Position Classification Plan.

- Reclassify 8 employees within the same job classification series but at a higher salary group.

- Reclassify 312 employees into different job classification series.

Table 7 summarizes the total number of misclassified employees at the Commission who will be reclassified from the Systems Analyst series into different job classification series.

Table 7

Summary of Employee Reclassifications into Different Job Classification Series	
Job Classification Series After Reclassification	Number of Employees To Be Reclassified
Systems Support Specialist	75
Systems Administrator	54
Information Technology Business Analyst	52
Programmer	32
Database Administrator	20
Data Analyst [a]	18
Manager [a]	14
Program Specialist [a]	10
Project Manager [a]	8
Telecommunications Specialist	8
Network Specialist	6
Web Administrator	6
Business Continuity Coordinator	1
Compliance Analyst [a]	1
Contract Specialist [a]	1
Creative Media Designer [a]	1
Director [a]	1
Information Security Analyst	1
Program Supervisor [a]	1
Technical Writer [a]	1
Training and Development Specialist [a]	1
Totals	312

[a] This job classification series is located in an occupational category other than Information Technology.

A prior SAO report, *Human Resources Contract Management at the Health and Human Services Commission* (SAO Report No. 17-004, October 2016), identified similar issues related to the appropriate classification of employees

at the Commission. The Commission has since reported to our office that all recommendations from that report have been fully implemented.

Recommendation

To comply with the State's Position Classification Plan, the Commission should complete reclassifications for the 320 misclassified employees.

Management's Response

The Health and Human Services Commission completed reclassifications for the 320 misclassified employees effective January 1, 2022. LaDawn Gray, Director, Human Resources, was responsible for implementing corrective action.

Appendices

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 scope[9] of this audit included 762 employees from Article II of the General Appropriations Act (87th Legislature) who were classified within the Systems Analyst job classification series as of March 1, 2021. The three state agencies selected for this audit were the Department of Family and Protective Services, the Department of State Health Services, and the Health and Human Services Commission.

Methodology

The audit methodology included collecting information and documentation related to employee classifications and reviewing and analyzing survey responses completed by employees at the three state agencies. To help ensure the accuracy of the self-reported classification information, auditors asked supervisors to verify the survey responses and conducted interviews with management at the three 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 the duties and responsibilities comprising 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 levels 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 Analyst III positions)

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

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 three 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 each of 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:

- A population of systems analyst positions from the three agencies within the audit scope.

- Surveys completed by employees and verified by their supervisors at the three agencies audited.

- Correspondence from the human resources offices and supervisors at the three agencies.

Procedures and tests conducted included the following:

- Performed follow-up procedures at the three 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 March 2021 through December 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.

Those standards also require independence in both fact and appearance. During the audit, legislative funding was vetoed. This condition could be seen as potentially affecting our independence in reporting results related to this agency. However, we proceeded with this audit as set forth by the annual state audit plan, operated under the Legislative Audit Committee. We believe this condition did not affect our audit conclusions.

The following members of the State Auditor's staff performed the audit:

- J. Taylor Sams, MBA, CIA, CGAP (Project Manager)

- Lara Foronda Tai, PHR, SHRM-CP (Assistant Project Manager)

- Kathy-Ann Moe, MBA

- Sharon Schneider, CCP, PHR, SHRM-CP

- Ann E. Karnes, CPA (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 percentage of correctly classified employees, the 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, classification of an employee in an incorrect job classification series or an incorrect occupational category.

Table 8 provides a description of the issue ratings presented in this report.

Table 8

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.

This audit was conducted in accordance with the Position Classification Act, Texas Government Code, Chapter 654, an excerpt from 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.

Sec. 654.039. REPORT OF INACTION.

The classification officer shall make a written report of the facts to the governor and the Legislative Budget Board if the chief executive of an agency does not comply with Section 654.038(b) before the 21st day after the date of the classification officer's written notification.

Sec. 654.040. ACTION BY GOVERNOR.

In response to a report under Section 654.039, the governor may determine, after consultation with the Legislative Audit Committee, the action to be taken to resolve a nonconformity.

Table 9

Related State Auditor's Office Reports		
Number	**Report Name and Selected Agencies**	**Release Date**
21-707	*A Classification Compliance Audit Report on Information Technology Positions at Selected General Government, Judiciary, and Regulatory Agencies* • 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 • Department of Licensing and Regulation	July 2021
21-702	*A Classification Compliance Audit Report on Information Technology Positions at Selected Public Safety and Criminal Justice Agencies* • Alcoholic Beverage Commission • Department of Criminal Justice • Juvenile Justice Department • Military Department • Department of Public Safety	October 2020
20-701	*A Classification Compliance Audit Report on Information Technology Positions at Business and Economic Development Agencies* • Department of Housing and Community Affairs • Texas Lottery Commission • Department of Motor Vehicles • Department of Transportation • Texas Workforce Commission	January 2020
19-706	*A Classification Compliance Audit Report on Information Technology Positions at Natural Resources Agencies* • Animal Health Commission • Commission on Environmental Quality • Department of Agriculture • General Land Office • Parks and Wildlife Department • Railroad Commission • Soil and Water Conservation Board • Water Development Board	February 2019
18-701	*A Classification Compliance Audit Report on Information Technology Positions at Selected Education Agencies* • Teacher Retirement System • Texas Education Agency • Texas School for the Blind and Visually Impaired • Texas School for the Deaf	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 Joan Huffman, 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 Family and Protective Services

Ms. Jaime Masters, Commissioner

Department of State Health Services

Dr. John Hellerstedt, Commissioner

Health and Human Services Commission

Ms. Cecile Young, Executive Commissioner