

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 20, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: RECEIPT OF THE PERFORMANCE AUDIT AND EFFICIENCY STUDY OF PERSONNEL SERVICE DEPARTMENT (PSD, CHANGED TO HUMAN RESOURCES DEPARTMENT)

ISSUE: Receipt of the Performance Audit and Efficiency Study of Personnel Services Department (now called Human Resources Department – HRD)

RECOMMENDATIONS: That City Council receive the report and chart prepared by the consultant and the Director of Human Resources.

DISCUSSION: This is the fifth efficiency and best practice study completed in response to Council's request to review City departments. Previous reports are completed for a section of Transportation and Environmental Services (T&ES), the administrative functions of the Fire Department, Fleet Management and Recreation, Parks and Cultural Activities.

The HRD performance audit and efficiency study was conducted by the Corbin Company, a consultant firm located in Alexandria (Attachment 2). Findings were based on interviews with HRD employees and discussions with representatives from 22 other City Departments that work with HRD, review and analysis of the materials that HRD uses to operate, and associated research. Recommendations are based on analysis of the information collected as well as the application of best practices used in the Human Resources field and HR departments in other jurisdictions in the region. Corbin staff conducted their study during the first four months of 2008.

The purpose of the study was to identify the areas of deficiencies, areas of strength and make a series of recommendations on readily achievable improvements to enhance current HRD capabilities and improve customer service. The recommendations are also designed to position the Department to take on strategic functions and advanced technology in the future.

The City Manager's Advisory Committee reviewed the consultant report in January 2009, and discussed the report with the City Manager, HRD Director, Deputy City Manager and the consultant. The committee noted that many of the recommendations addressed areas which they thought a Human Resources Department should have in place, based on their own professional knowledge of the human resources field. Prior to when Human Resources Director Cheryl Orr began work with the City in November 2008, the Acting Director and HRD staff had begun to implement some of the consultant's recommendations. The Advisory Committee indicated that the report provided a roadmap for improvement in the operations of the Department. The HRD Director indicated that she would continue the reengineering of the Department, utilizing Human Resources best practices and recommendations from the report.

IMPLEMENTATION: The consultant made 15 recommendations. Recommendations focus on realistically achievable improvements to enhance current HRD capabilities and improve customer service. None of the recommendations entail a significant investment in technology or other resources. Successful implementation of these recommendations will position HRD to operate more effectively as a strategic and tactical partner with other City departments and in support of the City Manager's human resources initiatives. In November 2008, after a national search, we hired a Human Resources Director, Cheryl D. Orr, who brings extensive human resources background and is licensed in the profession. She has worked with several Virginia local governments and comes to Alexandria with a background which will support her efforts to implement these recommendations. She has already started the change process with positive results. I am very pleased with the progress made in our efforts to transform the Department to a fully functional Human Resources Department.

The consultant prioritized recommendations into three groups:

- Class I: For immediate implementation; may be integral to the implementation of Class II and Class III recommendations.
- Class II: For implementation after Class I recommendations are implemented
- Class III: For consideration after Class I and Class II recommendations are implemented.

Corbin's recommendations follow. Staff recommends that all 15 be accepted.

Recommendation No. 1—Documentation: Document PSD policies, procedures, and practices. First, outline all items that need to be documented. Second, create a standardized format. Third, follow a schedule to complete key documentation. Fourth, develop a system to review and update procedures at least annually (*Class I*).

Recommendation No. 2—Cross-Training: Promote cross-training within PSD so employees are able to assist co-workers within a Division and in other Divisions. This may be done as a part of internal PSD meetings to help familiarize all staff members with the full range of PSD functions. This will help alleviate surge needs, eliminate the reliance on any single individual to perform a PSD function, and enhance efficiency across the Department by preparing employees to function as generalists rather than as specialists. Use the documented policies, procedures, and practices identified in Recommendation No. 1 as the basis for training (*Class II*).

Recommendation No. 3—Compliance Calendar: Implement an internal compliance calendar to ensure all key databases such as benefit plan participation rosters and employment eligibility folders are reviewed for accuracy and completeness at least annually (*Class II*).

Recommendation No. 4 – Process Re-design: Identify and re-design key PSD processes to improve efficiency and responsiveness to customer requests. For example, streamline workflow for processing new employees (*Class II*).

Recommendation No. 5 – Limited Outsourcing: Consider outsourcing the fact-finding process for disciplinary and grievance actions where there may be a perception that PSD is too close to a situation or its participants to be objective. Other comparator jurisdictions follow this practice (*Class III*).

Recommendation No. 6 – Liaison Training: Leverage the Personnel Liaisons more effectively by creating guidelines and training for them and scheduling quarterly plenary sessions to discuss changes, process improvements, and customer feedback and lessons learned (*Class I*).

Recommendation No. 7 – Centralize Customer Service: Centralize the PSD customer service function to address customer inquiries, such as questions about procedures and the status of items being processed. If unable to answer a question, this “front desk” would route customers to the appropriate PSD staff member. Such customer service functions are currently being implemented with success in other local jurisdictions. This would improve service and enable other PSD staff to focus on more complex matters (*Class III*).

Recommendation No. 8 – Departmental Meetings: Institute regularly scheduled PSD internal staff meetings for leadership and for all PSD staff. All of the PSD counterparts in other local jurisdictions conduct leadership meetings either weekly or monthly and department-wide meetings either monthly or quarterly. These meetings should include a structured agenda that is communicated to participants prior to the meeting. Participants should be given the opportunity to propose agenda items (*Class I*).

Recommendation No. 9 – Communications Plan: Create a communication plan to improve communications with the rest of City Government. This should include roles and responsibilities within the Department for communicating externally. The plan should also address strategies to leverage current technology such as web casts and podcasts, and a schedule to reach out to other Departments to identify how to work together more effectively (*Class II*).

Recommendation No. 10 – Read-Only Access to HRMIS: Grant all Personnel Liaisons read-only access to applicable personnel records and Human Resource Management Information System (HRMIS). This was recently adopted for the Personnel Liaisons from the Alexandria Fire Department and then expanded to include the Police Department. Expanding this access will enable Personnel Liaisons to check the status of pending actions without contacting PSD for assistance. This provides another quality control review on the accuracy of PSD data entry (*Class II*).

Recommendation No. 11 – Records Handling: Institute guidelines for handling employee records. This should include annual training across the Department on safeguarding information privacy (*Class I*).

Recommendation No. 12 – Records Retention: Institute guidelines for employee records retention. This should specify what information should be retained, where, in what format, and for how long. Each stored personnel file should be organized in the same way. Create specific internal guidelines to address how far back records should be covered by the guidelines and a risk management plan to address information that is missing (*Class II*).

Recommendation No. 13 – Exit Interviews: When an employee terminates employment, the termination process now focuses on benefits transition, such as transfer of medical insurance and retirement account. Expand the employee exit interview process to capture the reasons for employment termination and other information that may lead to improvements in the work place and reducing attrition. Other local jurisdictions capture and harvest this information to support decisions on where and how to improve. (PSD management notes that it sometimes mails a questionnaire to the ex-employee's home at some point following termination of employment. This information is not collated and shared with other Departments.) (*Class I*).

Recommendation No. 14 – Training Program: Review and update the City's training program using an inclusive process that takes into account the needs of City Departments. Include an employee survey or other mechanism to enable interested employees to participate (*Class I*).

Recommendation No. 15 – Track Training: Define the respective roles of PSD and other City Departments with respect to tracking successful completion of mandatory training courses. Develop a system that then implements this responsibility. Allow Personnel Liaisons access to this system to help them work with employees to meet their training requirements (*Class II*).

The Personnel Services Department/Best Practices Study Recommendations chart will outline the recommendations, Responsible Party, Priority, Fiscal Impact and the Director's discussion/comments (Attachment 2). In the discussion/comments section, the Director has indicated the areas in which HRD staff has already made changes in their efforts to address the areas identified for development/improvement.

FISCAL IMPACT: The consultants used a variety of cost and labor assumptions to develop a fiscal impact for the implementation of the 15 recommendations included in their study. The aggregate cost for implementation of recommendations is estimated at \$399,000 with the total benefit derived from implementation estimated to be \$765,000.

The consultants cost calculation is an aggregate that includes both resource costs and internal HRD staff time costs. Resource costs are new expenses unanticipated prior to this study, for example, the cost for purchase and installation of new file cabinets to secure personnel records. In order to pay for these types of costs, HRD would be directed to prioritize their existing budget to create opportunities for these expenditures.

HRD staff time costs represent the other form of expense described in the study. These costs represent the majority of the aggregate expense necessary to implement the study's 15 recommendations. HRD staff costs are calculated by the consultant using an average labor rate of \$48.91 per hour. The stated cost for implementation of each recommendation is determined by multiplying the average labor rate by the estimated number of staff hours needed to complete the tasks identified in each recommendation. It is important to note that this is not a new cost to be incurred since funding for staff positions is currently authorized.

The consultants state that implementation of their recommendations will produce a total benefit of \$765,000. This calculation of benefit represents an estimate of dollars potentially saved through efficiencies once recommendations have been implemented. The dollars noted are not budgetary savings to be immediately realized although there may be future budgetary savings as plan implementation enhances departmental productivity.

Detailed information on the consultant's analysis of the costs, benefits and return on investment for each recommendation is included in Appendix 9 of the study.

ATTACHMENTS:

Attachment 1. Staff chart

Attachment 2. Corbin Study

STAFF: Cheryl Orr, Director, Human Resources

PERSONNEL SERVICES DEPARTMENT / BEST PRACTICES STUDY RECOMMENDATIONS				
Study Recommendation	Responsible Party	Priority	Fiscal Impact	Discussion / Comments
<p>1. Documentation: Document PSD policies, procedures and practices. First outline all items that need to be documented. Second, create a standardized format. Third, follow a schedule to complete key documentation. Fourth, develop a system to review and update procedures at least annually.</p>	Human Resources Director for facilitation, Deputy Director for oversight, Div. Managers for implementation.	High (Class I)	\$11,887	The process will begin with agreed upon, standardized practices within each division. Division Managers of each of the areas have given a list of procedures they have identified as needing documentation. Deputy Dir. has captured this list. Each week at Senior Management Team (SMT-HR meeting we review one procedure written by SMT-HR members). We have agreed as a team to have these completed by August 2009.
<p>2. Cross Training: Promote cross-training within PSD so employees are able to assist co-workers within a Division and in other Divisions. This may be done as part of internal PSD meetings to help familiarize all staff members with the full range of PSD functions. This will help alleviate surge needs, eliminate the reliance on any single individual to perform a PSD function, and enhance efficiency across the Department by preparing employees to function as generalists rather than specialists. Use the documented policies, procedures and practices identified in Recommendation No. 1 as the basis for the training.</p>	Division Managers	High (Class I)	\$28,172	This action was initiated before the Corbin study in the Benefits section in response to the customer service issues cited in the report. Since the departure of the previous Division Chief in December 2007, staff have cross trained in HR Management and Information System and other personnel actions. We have assigned specific departments to each Benefits Analyst for consistency and accountability. - We have reassigned two HR professional staff from Recruitment and Classification to the Employee Relations Unit to cross train. We are introducing the Generalist concept. Each professional staff is able to provide services in a variety of HR areas to customers.
<p>3. Compliance Calendar: Implement an internal compliance calendar to ensure all key databases such as benefit plan participation rosters and employment eligibility folders are reviewed for accuracy and completeness at least annually.</p>	Division Manager: Employment and Benefits Sections	Medium (Class II)	\$17,607	HRD will work on establishing an internal compliance calendar. Will consult with Auditor to see if there is a process they can recommend for implementation.
<p>4. Process Re-design: Identify and re-design key PSD processes to improve efficiency and responsiveness to customer requests. For example, streamline workflow for processing new employees.</p>	Human Resources Senior Management Team SMT - HR (HR Dir., HR Deputy Dir. And all Div. Managers)	Medium (Class II)	\$19,842	HRD is exploring the purchase and implementation of an HR Information System. As a function of this impending implementation, we will be required to document and re-design our work processes for efficiency. Director is meeting with each Div Manager to discuss work processes and recommend re-design and encourage staff to put forth recommendations for conducting business in an efficient manner.

PERSONNEL SERVICES DEPARTMENT / BEST PRACTICES STUDY RECOMMENDATIONS

Study Recommendation	Responsible Party	Priority	Fiscal Impact	Discussion / Comments
<p>5. Limited Outsourcing: Consider outsourcing the fact-finding process for disciplinary and grievance actions where there may be a perception that PSD is too close to a situation or its participants to be objective. Other comparator jurisdictions follow this practice.</p>	<p>Human Resources Director and Div. Manager - Employee Relations</p>	<p>Low (Class III)</p>	<p>\$91,120</p>	<p>I clearly think that appropriately trained HRD staff and in collaboration with the City's legal office, we can provide consultation on the disciplinary and grievance processes. These processes are "owned" by HR and we are/will become experts in how to administer them as well as train Departments on the process.</p>
<p>6. Liaison Training: Leverage the Personnel Liaisons more effectively by creating guidelines and training for them and scheduling quarterly plenary sessions to discuss changes, process improvements, and customer feedback and lessons learned.</p>	<p>Human Resources Director and Deputy Director</p>	<p>High (Class I)</p>	<p>\$2,979</p>	<p>HRD held first HR Liaison's meeting with over 30 HR Liaisons (HR Reps from City departments), in attendance from across the City. Will continue to hold HR Div Manager's from each functional area responsible for agenda items. Question and answer period along with City guest speakers will be part of the agenda. Deputy Director is responsible for setting up these meetings on a monthly basis.</p>
<p>7. Centralize Customer Service: Centralize the PSD customer service function to address customer inquiries, such as questions about procedures and the status of items being processed. If unable to answer a question, this "front desk" would route customers to the appropriate PSD staff member. Such customer service functions are currently being implemented with success in other local jurisdictions. This would improve service and enable other PSD staff to focus on more complex matters.</p>	<p>Human Resources Director and Supervisory Admin Position</p>	<p>Low (Class III)</p>	<p>\$103,075</p>	<p>Hired Supervisory Administrative Assistant to support Director, but will ultimately consolidate the front office operations under her supervision for call center like activity. New City telephone system will be designed to support the call center - when front office staff are trained to answer questions which are normally routine in nature...allowing for other HRD staff to concentrate on more complex tasks. The city will be implementing a new Telephone system called VOIP which will facilitate this concept. -Director established a Customer Service Committee (one employee from each Division in HR - 5 members) They have conducted an internal HR satisfaction survey, developed a customer service philosophy, recommended recognition activities for employees in the Dept.</p>

PERSONNEL SERVICES DEPARTMENT / BEST PRACTICES STUDY RECOMMENDATIONS

Study Recommendation	Responsible Party	Priority	Fiscal Impact	Discussion / Comments
<p>8. Departmental Meetings: Institute regularly scheduled PSD internal staff meetings for leadership and for all PSD staff. All of the PSD counterparts in other local jurisdictions conduct leadership meetings either weekly or monthly, and department-wide meetings either monthly or quarterly. These meetings should include a structured agenda that is communicated to participants prior to the meeting. Participants should be given the opportunity to propose agenda items.</p>	<p>Human Resources Director and Deputy</p>	<p>High (Class I)</p>	<p>\$33,063</p>	<p>Monthly staff meeting will be and have been held. We have prepared agendas; meeting minutes posted on an internal H drive for department access only and utilize time to recognize staff members for excellent work and disseminate vital information for efficient operation of the Dept. Staff is encouraged to submit agenda items for discussion.</p>
<p>9. Communications Plan: Create a communication plan to improve communications with the rest of City government. This should include roles and responsibilities within the Department for communicating externally. The plan should also address strategies to leverage current technology such as webcasts and podcasts, and a schedule to reach out to other Departments to identify how to work together more effectively.</p>	<p>Division Manager for Recruitment</p>	<p>Medium (Class II)</p>	<p>\$8,902</p>	<p>Establish an HR Communications committee (3 members with a Div. Manager as chair) The Committee will work on HR newsletter for distribution and make recommendations for viable means of communications with employees. We established an Human Resources email box for general questions from employees by email. We will partner with City's PIO office. Have agreed to produce an HR article for the City's employee quarterly newsletter. We will continue to explore ways to communicate with employees and the public.</p>
<p>10. Read-only access to HRMIS: Grant all Personnel Liaison read-only access to applicable personnel records and Human Resource Information System (HRMIS). This was recently adopted for the personnel Liaisons from the Alexandria Fire Department and then expanded to include the Police Department. Expanding this access will enable Personnel Liaisons to check the status of pending actions without contacting PSD for assistance. This provides another quality control review on the accuracy of PSD data entry.</p>	<p>Division Manager - Kronos</p>	<p>High (Class I)</p>	<p>\$9,097</p>	<p>All HR Liaison's have "read only" access to HRMIS. Task completed.</p>

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PERSONNEL SERVICES DEPARTMENT / BEST PRACTICES STUDY RECOMMENDATIONS

Study Recommendation	Responsible Party	Priority	Fiscal Impact	Discussion / Comments
<p>11. Records Handling: Institute guidelines for handling employee records. This should include annual training across the Department on safeguarding information privacy.</p>	<p>Division Manager - Benefits</p>	<p>High (Class I)</p>	<p>\$8,784</p>	<p>We concur with this recommendation. We have identified appropriate, secure file cabinets that will fit in our work space. We received approval for the floor / weight bearing study from General Services to implement this recommendation in November 2008. New secure file cabinets have been purchased and installed outside the vault for security. They are locked every night. Will explore document imaging for other files. Currently meeting with ITS to plan for imaging Retiree files, FMLA and Employee service cards. Will continue the process of document imaging for space purposes and for easy access to documents/records.</p>
<p>12. Records Retention: Institute guidelines for employee records retention. This should specify what information should be retained, where, in what format, and for how long. Each stored personnel file should be organized in the same way. Create specific internal guidelines to address how far back records should be covered by the guidelines and a risk management plan to address information that is missing.</p>	<p>Division Manager - Benefits</p>	<p>High (Class I)</p>	<p>\$15,525</p>	<p>Benefits/Records will research best practices in Human Resources record retention. Will bring recommendations to Director and Senior Management Team. Ultimately will develop a records retention guideline for Department.</p>
<p>13. Exit Interviews: When an employee terminates employment, the termination process now focuses on benefits transition, such as transfer to medical insurance and retirement accounts. Expand the employment exit interview process to capture the reasons for employment termination and other information that may lead to improvements in the work place and reducing attrition. Other local jurisdictions capture and harvest this information to support decisions and where and how to improve.</p>	<p>Human Resources Director/Coordinator of Special Projects</p>	<p>High (Class I)</p>	<p>\$10,345</p>	<p>I have assigned someone to research best practices in Exit interviewing. This will include an electronic means for capturing when employees leave the city. This will also allow HR to compile data and forward to respective Departments and the City Manager. Implementation by September 2009.</p>
<p>14. Training Program: Review and update the curriculum for the City's training program to make sure that it is aligned with the future plans for each Department and stated employee needs, to the extent practical.</p>	<p>Director of Human Resources//Coordinator of Special Projects</p>	<p>Medium (Class II)</p>	<p>\$29,782</p>	<p>Assigned staff to develop a City-wide survey to determine what the training needs are across the City. Will use data to design relevant and useful training programs for City employees. Will also conduct an inventory of training programs offered across Departments to centralize the tracking of all City training and the elimination of duplication of training efforts and realize better use of training resources.</p>

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PERSONNEL SERVICES DEPARTMENT / BEST PRACTICES STUDY RECOMMENDATIONS

Study Recommendation	Responsible Party	Priority	Fiscal Impact	Discussion / Comments
15. Track Training: Define roles and responsibilities and develop a tracking system to monitor the status of mandatory training courses attended by City employees.	Director of Human Resources/ Division Manager Employee Relations /Coordinator of Special Projects	Medium (Class II)	\$8,511	As a result of survey and inventory, will either purchase or develop a tracking system for training City-wide.
Management Focus				Will utilize on-line surveys, customer card surveys and focus groups on a regular basis to obtain feedback from employees on services provided by Human Resources. HR currently has a survey out to the Senior Managers Group, (SMG - over 125 members) through out the City. Results will be reviewed by the Senior Management Team - HR and used to improved processes as identified by our customers. In 6 months will resurvey the SMG to see if progress has been achieved. Senior Management Team will retreat once a year to review Departmental goals and objectives and set direction for the Department, based on City Manager's focus and guidance.
TOTAL CONSULTANT RECOMMENDATIONS			\$398,991	

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