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State Auditor

A Classification Compliance Review Report on the Department of Licensing and Regulation

December 23, 2010

Members of the Legislative Audit Committee:

A total of 307 (98 percent) of the 312 employee positions reviewed at the Department of Licensing and Regulation (Department) were appropriately classified within the State's Position Classification Plan. The Department has taken appropriate actions to address the five employee positions that were misclassified and reported that it will spend approximately \$3,877 annually to properly classify these positions.

The Department took actions to appropriately classify positions identified as misclassified.

The 312 employee positions reviewed covered 12 occupational categories and 28 job classification series. To address the five employee positions that were misclassified, the Department chose to:

- Reclassify two employee positions into a different job classification series with a higher salary group (see Table 2 in the attachment to this letter for additional details).
- Reclassify three employee positions within the same job classification series but at a higher salary group (see Table 3 in the attachment to this letter for additional details).

The Department will spend approximately \$3,877 annually to properly classify positions.

The Department reported that, as a result of reclassifications, three positions will be receiving salary increases ranging from \$517 to \$2,424 annually.

Appropriate job classifications are important in determining salary rates that are competitive for the nature of the work performed. Misclassified positions may result in an agency underpaying or overpaying employees for the nature of work being performed.

Background Information

The Department is responsible for the regulation of 29 occupations and industries. Its core business functions include:

- Performing inspections and plan reviews.
- Monitoring third-party inspectors and plan reviews.
- Reviewing and approving education courses and providers.
- Managing examination functions.
- Opening and investigating complaints and criminal convictions, including prosecuting violators.
- Processing applications and issuing licenses.

The Department participated in a previous statewide classification compliance review (see *A Classification Compliance Review Report on the State's Program Specialist Positions*, State Auditor's Office Report No. 09-706, July 2009). Employees classified as Program Specialists and employees who were reclassified as a result of that review were not included in the scope of this review.

Definitions

Job Classification - An individual job within a job classification series. Each job classification has a corresponding salary group assignment appropriate for the type and level of work being performed.

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.

Occupational Category - A broad series of job families also known as job classification series characterized by the nature of the work performed.

Salary Group - A specified level within a salary schedule made up of a salary range with a minimum and maximum salary rate. Assignment of salary groups is based on the type and level of work being performed.

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.

SAO Report No. 11-703

We appreciate the Department's cooperation during this review. If you have any questions, please contact Nicole Guerrero, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

Attachment

cc: Members of the Department of Licensing and Regulation Commission
Mr. Frank Denton, Chair
Mr. Mike Arismendez, Vice Chair
Mr. Lewis Benavides
Ms. LuAnn Roberts Morgan
Mr. Fred Moses
Ms. Lilian Norman-Keeney
Ms. Deborah Yurco
Mr. William Kuntz, Jr., Executive Director



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Attachment

Part 1

Positions Reviewed

Table 1 presents the occupational categories and job classification series reviewed at the Department of Licensing and Regulation (Department), as well as the number of positions that were misclassified.

Table 1

Summary of Employee Positions Reviewed		
Occupational Category/ Job Classification Series	Number of Employee Positions Reviewed	Number of Employee Positions Misclassified
Accounting, Auditing, and Finance		
Accountant	13	0
Budget Analyst	1	0
Total Accounting, Auditing, and Finance	14	0
Administrative Support		
Administrative Assistant	35	2
Customer Service Representative	36	0
Executive Assistant	3	0
License and Permit Specialist	37	0
Total Administrative Support	111	2
Engineering and Design		
Engineering Specialist	1	0
Total Engineering and Design	1	0
Human Resources		
Human Resources Assistant/Specialist	3	0
Total Human Resources	3	0
Information Technology		
Network Specialist	4	0
Systems Analyst	10	0
Systems Support Specialist	1	0
Web Administrator	1	0
Total Information Technology	16	0

Summary of Employee Positions Reviewed		
Occupational Category/ Job Classification Series	Number of Employee Positions Reviewed	Number of Employee Positions Misclassified
Inspectors and Investigators		
Boiler Inspector	16	0
Inspector	29	0
Investigator	33	0
Total Inspectors and Investigators	78	0
Legal		
Attorney	13	0
General Counsel	6	0
Legal Assistant	37	0
Total Legal	56	0
Natural Resources		
Natural Resources Specialist	1	0
Total Natural Resources	1	0
Procedures and Information		
Government Relations Specialist	1	0
Information Specialist	2	1
Management Analyst	1	0
Total Procedures and Information	4	1
Program Management		
Director	10	0
Manager	10	0
Program Supervisor	1	0
Project Manager	1	0
Total Program Management	22	0
Property Management and Purchasing		
Purchaser	4	1
Total Property Management and Purchasing	4	1
Social Services		
Interpreter	2	1
Total Social Services	2	1
Totals for All Positions Reviewed	312	5

Analysis of Misclassified Positions

Tables 2 and 3 identify the employee positions that were misclassified and how the Department addressed the misclassifications. To protect the confidentiality of the employees whose positions were misclassified, each employee was assigned a position number.

Table 2 lists the two employee positions that the Department reclassified into a different job classification series with a higher salary group.

Table 2

Positions Reclassified into a Different Job Classification Series With a Higher Salary Group		
Position Number	Current Job Classification Title	Job Classification Title After Reclassification
6	Interpreter I	Investigator IV
127	Information Specialist IV	Web Administrator IV

Table 3 lists the three employee positions that the Department reclassified within the same job classification series but at a higher salary group.

Table 3

Positions Reclassified Within the Same Job Classification Series With a Higher Salary Group		
Position Number	Current Job Classification Title	Job Classification Title After Reclassification
108	Purchaser III	Purchaser IV
310	Administrative Assistant III	Administrative Assistant IV
355	Administrative Assistant III	Administrative Assistant IV

Appendix

Objective, Scope, and Methodology

Objective

The objective of this classification compliance review was to determine whether the Department of Licensing and Regulation (Department) conforms to the State's Position Classification Plan in ensuring proper classification of positions.

Scope

The scope of this review included all classified employees employed by the Department, excluding employees who were included within the scope of a previous statewide compliance review report on Program Specialist positions (see *A Classification Compliance Review Report on the State's Program Specialist Positions*, State Auditor's Office Report No. 09-706, July 2009).

Methodology

In determining whether positions were appropriately classified, the following were reviewed:

- State job descriptions.
- Surveys completed by employees and verified by their supervisors.
- Internal reporting relationships.

The State Auditor's Office's State Classification Team (Classification Team) evaluates jobs on a "whole job" basis to determine proper job classifications. These determinations are primarily based on the comparison of duties and responsibilities of the majority of work being performed against the state job description.

When determining proper classification, the 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 versus Systems Analyst II). Instead, the Classification Team considers whether an employee is appropriately classified within broad responsibility levels, such as Staff Systems Analyst versus Senior Systems Analyst.

The Classification Team has an automated job evaluation process. The Classification Team populated a database with information regarding the employees whose positions were reviewed. Staff in the Department's human

resources department verified the information to ensure that all positions were included. Employees 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 the automated job evaluation system, which made an initial determination of whether the positions were appropriately classified. The Classification Team then reviewed all surveys, made follow-up calls, and sent clarification e-mails to gather additional information in order to make the final determination on what positions may be misclassified. The Department then had the opportunity to review and address potential misclassifications.

The Classification Team then sent additional clarification e-mails to determine and validate proper classification of positions and to gather additional information.

This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit.

Project Information

This review was conducted under the requirements of Texas Government Code, Section 654.036 (3).

The following employees of the State Auditor's Office prepared this report:

- Sharon Schneider, PHR (Project Manager)
- Stacey Robbins McClure, MBA, CCP, PHR
- Christine Bailey, CCP, GRP
- Juliette Torres, CCP, PHR
- Leslie Ashton, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP, CICA (Audit Manager)