



A Classification Compliance Audit Report on

Information Technology Positions at Selected Education Agencies

October 2017

Report No. 18-701



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Overall Conclusion

A total of 279 (86.9 percent) of the 321 employees tested were classified correctly in **accordance with the State's Position Classification Plan**. Employees tested included those classified within the Information Technology occupational category, as well as others performing similar work, at the following four education agencies:

- Teacher Retirement System (TRS).
- Texas Education Agency (TEA).
- Texas School for the Blind and Visually Impaired (TSBVI).
- Texas School for the Deaf (TSD).

The agencies self-reported the classification information on which this audit focused.

The agencies have taken or reported they will take appropriate action to address the 42 misclassified employees by:

- Reclassifying 37 employees into a different job classification series. For example, TSD reclassified a systems analyst to a program specialist.
- Reclassifying 5 employees within the same job classification series but at a higher salary group.

There was no cost associated **with the agencies'** addressing the misclassified employees. No employees received a decrease in salary as a result of this audit.

Background Information

Texas Government Code, Sections 654.036 (2) and (3), specify that the State Auditor's Office's State Classification Team "shall advise and assist state agencies in equitably and uniformly applying the [state position classification] plan and conduct classification compliance audits to ensure **conformity with the plan.**"

The audit summarized in this report focused on four agencies in Article III (Education) of the General Appropriations Act.

Definitions

Occupational Category - An occupational category is a broad series of job families characterized by the nature of work performed. Currently, the Position Classification Plan covers 27 occupational categories (for example, Social Services, Medical and Health, and Criminal Justice).

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.

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 summarizes the misclassifications identified during this audit.

Table 1

Summary of Employee Tested by Agency				
Agency Number	Agency Name	Number of Employees Tested	Number of Employees Misclassified	Percent of Employees Misclassified
323	Teacher Retirement System	97	17	17.5%
701	Texas Education Agency	201	21	10.4%
771	Texas School for the Blind and Visually Impaired	14	2	14.3%
772	Texas School for the Deaf	9	2	22.2%
Totals		321	42	13.1%

Table 2 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	Information Technology Occupational Category at Selected Education Agencies	Low
2-A	Analysis of Misclassified Employees at the Teacher Retirement System	Low
2-B	Analysis of Misclassified Employees at the Texas Education Agency	Low
2-C	Analysis of Misclassified Employees at the Texas School for the Blind and Visually Impaired	Low
2-D	Analysis of Misclassified Employees at the Texas School for the Deaf	Low

^a 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 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)/functions(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 Management's Response

At the end of Chapter 2-B, **the State Auditor's Office** made a recommendation to TEA management to address the issues identified during this audit. TEA agreed with the recommendation.

Audit Objective and Scope

The objective of this classification compliance audit was to determine whether agencies are conforming **to the State's Position Classification Plan** by ensuring proper classification of employees.

The scope of this audit included 321 employees within the Information Technology occupational category, as well as others performing similar work, at four agencies in Article III (Education) of the General Appropriations Act as of March 27, 2017. The agencies audited included TRS, TEA, TSBVI, and TSD.

Contents

Detailed Results

Chapter 1	
Information Technology Occupational Category at Selected Education Agencies	1
Chapter 2	
Analysis of Employees Classified in the Information Technology Occupational Category at Selected Education Agencies.....	3

Appendices

Appendix 1	
Objective, Scope, and Methodology	10
Appendix 2	
Issue Rating Classifications and Descriptions.....	13

Detailed Results

Chapter 1

Information Technology Occupational Category at Selected Education Agencies

Chapter 1
Rating:
Low ¹

High-growth Jobs

According to the U.S. Bureau of Labor Statistics, employment of information technology occupations is projected to grow 12 percent from 2014 to 2024, faster than the average for all occupations. That high growth is attributed, in part, to a greater emphasis on cloud computing, the collection and storage of big data, and the continued demand for mobile computing.

Source:
<https://www.bls.gov/ooh/computer-and-information-technology/home.htm>

A total of 279 (86.9 percent) of 321 employees classified in the Information Technology occupational category at the Teacher Retirement System (TRS), the Texas Education Agency (TEA), the Texas School for the Blind and Visually Impaired (TSBVI), and the Texas School for the Deaf (TSD), as well as employees identified as performing similar work but classified in other job classification series at those agencies, were classified correctly in accordance with the State's Position Classification Plan.

The Information Technology occupational category includes job classification series such as programmers, systems analysts, network specialists, and data base administrators. Those job classification series and other job classification series performing information technology work are among those that may grow faster than other job classification series in the State's Position Classification Plan (see text box). Table 3 on the next page lists the number of misclassified employees in each job classification series within the Information Technology occupational category, as well as employees performing similar work in another occupational category. The four agencies have taken or reported they will take appropriate action to resolve the 42 misclassified employees (see Chapter 2).

¹ Chapter 1 is rated Low because the audit identified strengths that support the audited entities' ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entities' ability to effectively administer the program(s)/function(s) audited.

Table 3

Job Classification Series Audited		
Job Classification Series	Number of Employees Tested	Number of Employees Misclassified
Business Analyst	10	0
Chief Information Security Officer	1	0
Data Base Administrator	16	1
Director ^a	10	0
Information Technology Auditor	3	0
Information Technology Security Analyst	9	4
Manager ^a	11	1
Network Specialist	21	16
Program Specialist ^a	1	0
Programmer	107	2
Project Manager ^a	6	1
Systems Administrator	1	0
Systems Analyst	104	16
Systems Support Specialist	9	0
Telecommunications Specialist	3	0
Web Administrator	9	1
Totals	321	42
^a The Director, Manager, Program Specialist, and Project Manager job classification series are in the Program Management occupational category.		

Analysis of Employees Classified in the Information Technology Occupational Category at Selected Education Agencies

As discussed in Chapter 1, the State Auditor’s Office identified 42 employees within the Information Technology occupational category, as well as others performing similar work, who were misclassified. The four agencies audited have taken or reported they will take appropriate action to resolve the 42 misclassified employees identified.

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

Table 4 summarizes the number of employees tested and misclassified at each agency.

Table 4

Summary of Employees Tested by Agency				
Agency Number	Agency Name	Number of Employees Tested	Number of Employees Misclassified	Percent of Employees Misclassified
323	Teacher Retirement System	97	17	17.5%
701	Texas Education Agency	201	21	10.4%
771	Texas School for the Blind and Visually Impaired	14	2	14.3%
772	Texas School for the Deaf	9	2	22.2%
Totals		321	42	13.1%

Misclassified Employees

The four agencies have taken or reported that they will take the following actions to address the 42 employees who were misclassified:

- Reclassify 37 employees into a different job classification series. For example, TSD reclassified a systems analyst to a program specialist.
- Reclassify 5 employees within the same job classification series but at a higher salary group.

Of the 42 misclassified employees, 37 (88.1 percent) were misclassified because the agencies did not use a more appropriate job classification series.

The agencies have reclassified or reported that they will reclassify the misclassified employees without changing their salaries. No employees will receive a reduction in salary as a result of the reclassifications.

Chapter 2-A
 Rating:
 Low ²

Chapter 2-A
 Analysis of Misclassified Employees at the Teacher Retirement System

Of the 97 employees tested at the Teacher Retirement System (TRS), 80 (82.5 percent) were correctly classified. TRS took appropriate action to address the 17 misclassified employees and reclassified those employees into different job classification series (see Table 5). There was no cost associated with reclassifying the employees. To protect the confidentiality of the employees who were misclassified, each employee was assigned an employee number.

Table 5

Employees Reclassified into a Different Job Classification Series at TRS		
Employee Number	Job Classification Title Before Reclassification	Job Classification Title After Reclassification
1	Network Specialist V	Systems Administrator V
2	Network Specialist III	Systems Administrator III
4	Network Specialist VI	Systems Administrator VI
8	Network Specialist V	Systems Administrator V
11	Network Specialist II	Systems Administrator II
14	Network Specialist II	Systems Administrator II
33	Network Specialist IV	Systems Administrator IV
42	Systems Analyst VI	Information Technology Security Analyst III
46	Network Specialist V	Systems Administrator V
47	Network Specialist V	Systems Administrator V
51	Network Specialist VI	Systems Administrator VI
57	Network Specialist II	Systems Administrator II
63	Network Specialist II	Systems Administrator II
66	Network Specialist V	Systems Administrator V
79	Network Specialist V	Systems Administrator V
83	Network Specialist II	Systems Administrator II
87	Network Specialist II	Systems Administrator II

² Chapter 2-A is rated Low because the audit identified strengths that support the audited entity’s ability to administer the program(s)/functions(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.

Analysis of Misclassified Employees at the Texas Education Agency

Chapter 2-B
Rating:
Low ³

Of the 201 employees tested at the Texas Education Agency (TEA), 180 (89.6 percent) were correctly classified. TEA asserted that it will take appropriate action to address the 21 misclassified employees. Specifically, TEA asserted that it will:

- Reclassify 18 of the 201 employees into a different job classification series (see Table 6).
- Reclassify 3 of the 201 employees into the same job classification series with a higher salary group (see Table 7).

TEA asserted that there will be no cost associated with reclassifying the employees and no employee will receive a reduction in salary as a result of the reclassifications.

Table 6 shows the 18 employees that TEA has asserted that it will reclassify into a different job classification series. To protect the confidentiality of the employees who were misclassified, each employee was assigned an employee number.

Table 6

Employees to Be Reclassified into a Different Job Classification Series at TEA		
Employee Number	Job Classification Title Before Reclassification	Job Classification Title After Reclassification
7	Systems Analyst V	Business Analyst III
13	Information Technology Security Analyst III	Cybersecurity Analyst II
38	Systems Analyst V	Business Analyst III
48	Systems Analyst V	Programmer V
51	Systems Analyst VI	Manager V
52	Systems Analyst V	Programmer V
60	Systems Analyst V	Business Analyst III
63	Information Technology Security Analyst I	Systems Analyst V
74	Information Technology Security Analyst II	Cybersecurity Analyst II
86	Information Technology Security Analyst II	Cybersecurity Analyst II
92	Systems Analyst V	Business Analyst III
102	Systems Analyst V	Business Analyst III
119	Systems Analyst V	Business Analyst III
147	Systems Analyst V	Programmer V

³ Chapter 2-B is rated Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(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.

Employees to Be Reclassified into a Different Job Classification Series at TEA		
Employee Number	Job Classification Title Before Reclassification	Job Classification Title After Reclassification
160	Systems Analyst V	Programmer V
165	Systems Analyst VI	Manager V
189	Manager V	Information Security Officer
204	Project Manager IV	Director II

Table 7 shows the 3 employees that TEA asserted that it will reclassify within the same job classification series with a higher salary group.

Table 7

Employees to Be Reclassified Within the Same Job Classification Series With a Higher Salary Group at TEA		
Employee Number	Job Classification Title Before Reclassification	Job Classification Title After Reclassification
3	Systems Analyst III	Systems Analyst IV
100	Programmer III	Programmer IV
142	Data Base Administrator V	Data Base Administrator VI

Recommendation

TEA should complete all reclassifications for employees identified as misclassified during this audit and notify the employees.

Management's Response

TEA agrees with the recommendations to complete all reclassifications for employees identified as misclassified during this audit and notify the employees. 18 employees will be reclassified into a different job classification series and 3 employees will be reclassified with the same job classification series but at a higher salary group. No employee will receive a decrease in salary as a result of this audit. The employees affected will be notified of this change.

Person Responsible: Interim Human Resources Director

Completion Date: 1/31/2018 or sooner, if applicable.

Analysis of Misclassified Employees at the Texas School for the Blind and Visually Impaired

Chapter 2-C
Rating:
Low ⁴

Of the 14 employees tested at the Texas School for the Blind and Visually Impaired (TSBVI), 12 (85.7 percent) were correctly classified. TSBVI took appropriate action to address the two misclassified employees and reclassified those employees into the same job classification series but in job classifications with a higher salary group (see Table 8). There was no cost associated with reclassifying the employees. To protect the confidentiality of the employees who were misclassified, each employee was assigned an employee number.

Table 8

Employees Reclassified Within the Same Job Classification Series With a Higher Salary Group at TSBVI		
Employee Number	Job Classification Title Before Reclassification	Job Classification Title After Reclassification
1	Web Administrator II	Web Administrator III
12	Programmer III	Programmer IV

⁴ Chapter 2-C is rated Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(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.

Chapter 2-D
 Rating:
 Low ⁵

Chapter 2-D

Analysis of Misclassified Employees at the Texas School for the Deaf

Of the 9 employees tested at the Texas School for the Deaf (TSD), 7 (77.8 percent) were correctly classified. TSD took appropriate action to address the 2 misclassified employees and reclassified both employees into a different job classification series (see Table 9). There was no cost associated with reclassifying the employees. To protect the confidentiality of the employees who were misclassified, each employee was assigned an employee number.

Table 9

Employees Reclassified into a Different Job Classification Series at TSD		
Employee Number	Job Classification Title Before Reclassification	Job Classification Title After Reclassification
2	Systems Analyst II	Program Specialist III
5	Systems Analyst VI	Director I

⁵ Chapter 2-D is rated Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(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.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this classification compliance audit was to determine whether agencies are conforming to the State's Position Classification Plan by ensuring proper classification of employees.

Scope

The scope of this audit covered 321 employees within the Information Technology occupational category, as well as others performing similar work, at four agencies in Article III (Education) of the General Appropriations Act as of March 27, 2017. The agencies audited included the Teacher Retirement System (TRS), the Texas Education Agency (TEA), the Texas School for the Blind and Visually Impaired (TSBVI), and the Texas School for the Deaf (TSD).

Methodology

The audit methodology included collecting information and documentation, reviewing and analyzing surveys completed by employees at the four agencies and verified by their supervisors, and conducting interviews with management at the four 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 description.

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, Programmer I versus Programmer II). Instead, the State Classification Team considers whether an employee is appropriately classified within broad responsibility levels, such as Staff Programmer (Programmer I, Programmer II, and Programmer III positions) as compared to Senior Programmer (Programmer IV, Programmer V, and Programmer VI positions).

The State Classification Team used an automated job evaluation process. The State Classification Team populated a database with information regarding the employees whose positions were tested. Employees at the

four agencies verified the information to ensure that all employees within the audit scope were included. Employees at the four 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

The State Auditor's Office 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 and verified by their supervisors.
- Correspondence from the human resources offices and supervisors at the four agencies.

Procedures and tests conducted included the following:

- Interviewed management at the four agencies' human resources offices regarding the classification of employees.
- Performed follow-up calls and sent emails to the four 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 2017 through September 2017. 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)
- Juan R. Sanchez, MPA, CIA, CGAP (Assistant Project Manager)
- Sharon Schneider, CCP, PHR, SHRM-CP
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- John Young, MPAff (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgement 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.

Table 10 provides a description of the issue ratings presented in this report.

Table 10

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 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.

Copies of this report have been distributed to the following:

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The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable John Zerwas, House Appropriations Committee
The Honorable Dennis Bonnen, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

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