



John Keel, CPA
State Auditor

A Classification Compliance Review Report on the Department of Housing and Community Affairs

June 12, 2007

Members of the Legislative Audit Committee:

Ninety-seven percent of the employee positions reviewed at the Department of Housing and Community Affairs (Department) were appropriately classified within the State's Classification Plan. The Department has taken appropriate actions to address the employee positions that were misclassified.

The Department has policies and procedures to review and monitor its classification of positions. These policies and procedures include a formal job classification policy, a process to review and revise internal job descriptions, and a process to review job classifications prior to the posting of job vacancy notices. This helps to ensure compliance with the State's Classification Plan. The State Auditor's Office's State Classification Team noted, however, that the Department should update its classification policy and revise its process of reviewing internal job descriptions.

Of the 250 employee positions reviewed, 242 (97 Percent) were classified appropriately.

The 250 employee positions reviewed covered 13 occupational categories and 33 job classification series. To address the eight employee positions that were misclassified, the Department chose to:

- Reclassify five employee positions to other job classification series (see table 2 in the attachment to this letter for additional details).
- Reclassify two employee positions within their same classification series but at job classifications with a higher salary group (see table 3 in the attachment to this letter for additional details).
- Restructure job duties for one employee position (see table 4 in the attachment to this letter for additional details).

Background Information

The Department has three core business functions:

- Provide housing and community services assistance.
- Regulate the manufactured housing industry.
- Act as an informational resource.

The Department has participated in two recent statewide classification compliance reviews:

- *A Classification Compliance Review Report on the State's Attorney, Assistant Attorney General, and General Counsel Positions*, State Auditor's Office Report No. 07-709, March 2007.
- *A Classification Compliance Review Report on the State's Inspector and Investigator Positions*, State Auditor's Office Report No. 06-702, January 2006.

Employees within the scope of the reviews listed above where not included in 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. 07-710

As a result of the reclassifications, two employees received salary increases. This will cost the Department \$10,500 annually. No employees received salary decreases as a result of this review.

Many Program Specialists at the Department perform duties related to real estate.

The most common job classification series at the Department is Program Specialist: 69 positions (27 percent of all positions) are classified in this series. Because many of the Department's Program Specialists perform duties related to real estate, the Department, along with the State Auditor's Office's State Classification Team, will review these positions during fiscal year 2008 to determine whether it would be appropriate to add new job classification series such as Loan Officer or Underwriter to the State's Classification Plan. Adding new job classification series could enable the Department to classify positions more accurately.

The Department should review positions annually.

The Department should update its classification policy to ensure that it reviews positions annually in a manner that is consistent with Texas Government Code, Section 654.0155. This may include asking supervisors to review employees' job duties, as well as employees' functional job descriptions, during employees' annual performance evaluations. Reviewing positions annually would help to ensure that positions are classified accurately and, therefore, that employee salaries align with their actual responsibilities.

**Importance of Proper Classification
of Employee Positions**

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.

We appreciate the Department's cooperation during this review, and its responses are included in the attachment to this letter. 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 Housing and Community Affairs Governing Board
Ms. Elizabeth "Beth" Anderson
Mr. Shadrick Bogany
Mr. C. Kent Conine
Mr. Dionicio Vidal "Sonny" Flores
Ms. Gloria L. Ray
Mr. Norberto Salinas
Mr. Michael Gerber, Executive Director, Department of Housing and Community Affairs



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

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

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

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.

Attachment

Part 1

Positions Reviewed

Table 1 presents the occupational categories and job classification series reviewed at the Department of Housing and Community Affairs (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	19	0
Accounts Examiner	1	0
Accounting Technician	3	0
Budget Analyst	1	0
Financial Analyst	2	0
Auditor	36	0
Total Accounting, Auditing, and Finance	62	0
Administrative Support		
Administrative Assistant	24	2
Executive Assistant	9	0
Customer Service Representative	4	1
Total Administrative Support	37	3
Human Resources		
Human Resources Specialist	3	0
Training Specialist	1	0
Total Human Resources	4	0
Information Technology		
Business Continuity Coordinator	1	0
Data Base Administrator	4	0
Programmer	7	1
Systems Analyst	8	0
Total Information Technology	20	1

Summary of Employee Positions Reviewed		
Occupational Category/ Job Classification Series	Number of Employee Positions Reviewed	Number of Employee Positions Misclassified
Inspectors and Investigators		
Investigator	2	0
Total Inspectors and Investigators ^a	2	0
Legal		
General Counsel	1	0
Legal Assistant	1	0
Total Legal ^a	2	0
Library and Archives		
Archivist	1	0
Total Library and Archives	1	0
Office Services		
Printing Services Technician	1	1
Total Office Services	1	1
Planning, Research, and Statistics		
Planner	5	0
Research Specialist	2	0
Statistician	1	1
Total Planning, Research, and Statistics	8	1
Procedures and Information		
Information Specialist	1	0
Government Relations Specialist	2	0
Total Procedures and Information	3	0
Program Management		
Manager	14	2
Director	16	0
Program Specialist	69	0
Staff Services Officer	2	0
Total Program Management	101	2

Summary of Employee Positions Reviewed		
Occupational Category/ Job Classification Series	Number of Employee Positions Reviewed	Number of Employee Positions Misclassified
Property Management and Purchasing		
Contract Specialist	4	0
Property Manager	1	0
Purchaser	3	0
Total Property Management/Purchasing	8	0
Safety		
Risk Management Specialist	1	0
Total Safety	1	0
Totals for all positions reviewed	250	8
^a Includes only employees who were not included in previous Inspector and Investigator and Legal classification compliance audits (see <i>A Classification Compliance Review Report on the State's Attorney, Assistant Attorney General, and General Counsel Positions</i> , State Auditor's Office Report No. 07-709, March 2007 and <i>A Classification Compliance Review Report on the State's Inspector and Investigator Positions</i> , State Auditor's Office Report No. 06-702, January 2006).		

Analysis of Misclassified Positions

Tables 2, 3, and 4 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 five employee positions reclassified into a different job classification series.

Table 2

Positions Reclassified into Different Job Classification Series		
Position Number	Current Job Classification Title	Job Classification Title After Reclassification
1	Statistician III	Management Analyst II
2	Customer Service Representative III	Administrative Assistant III
3	Printing Services Technician IV	Administrative Assistant III
4	Programmer VI	Systems Analyst V
5	Administrative Assistant III	Customer Service Representative III

Table 3 lists the two employee positions the Department reclassified within the same job classification series but at job classifications with higher salary groups.

Table 3

Positions Reclassified Within Their Same Job Classification Series		
Position Number	Current Job Classification Title	Job Classification Title After Reclassification
6	Manager III	Manager IV
7	Manager III	Manager IV

Table 4 lists the employee position the Department restructured so that the incumbent could remain within their current job classification series.

Table 4

Position Restructured to Remain in Current Job Classification Series	
Position Number	Current Job Classification Title
8	Administrative Assistant IV

Appendix

Appendix

Objective, Scope, and Methodology

Objective

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

Scope

The scope of this review included all classified employees employed by the Department.

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 salary 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, Maintenance Technician I versus Maintenance Technician II). Instead, the Classification Team considers whether an employee is appropriately classified within broad responsibility levels, such as Staff Maintenance Technician versus Senior Maintenance Technician.

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 in the database 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 Department then had the opportunity to review and address potential misclassifications.

The Classification Team made follow-up calls to determine and validate proper classification of positions and to gather additional information to resolve discrepancies.

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. However, the information in this report was subject to certain quality control procedures to ensure accuracy and compliance with the generally accepted compensation practices.

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 staff prepared this report:

- Sharon Schneider, PHR (Project Manager)
- Christine Bailey, CCP
- Charles P. Dunlap, Jr., CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CGAP (Audit Manager)



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

June 1, 2007

Ms. Sharon Schneider
Project Manager
State Auditor's Office
P. O. Box 12067
Austin, TX 78711-2067

Dear Ms. Schneider:

We have reviewed the draft report for the Classification Compliance Audit that was conducted for TDHCA and concur with the noted recommendations.

We agree with the recommendation of adding a new job classification series such as Loan Officer or Underwriter to the State's Class Plan during fiscal year 2008 when a review of positions is conducted. We plan to update our classification policy immediately to insure consistency with Government code, section 654.0155, which will include asking supervisors to review employees' job duties, as well as their functional job descriptions, at the time annual performance evaluations are conducted.

We appreciate your assistance and guidance during the review of position classifications for our agency.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Gerber", written over a horizontal line.

Michael G. Gerber
Executive Director

221 EAST 11TH • P. O. BOX 13941 • AUSTIN, TEXAS 78711-3941 • (800) 525-0657 • (512) 475-3800

Printed on recycled paper