

JOB CLASSIFICATION

PROGRAM EVALUATION AND AUDIT



METROPOLITAN
C O U N C I L

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What We Found

What's Working Well

The Human Resources Department has a documented method for creating and updating job classifications. Also, HR will send job classifications to Korn Ferry to be audited and reviewed.

What Needs Improvement

There are several inconsistencies throughout the job classification process. Documentation was found to be missing, incomplete, or incorrect. A small number of positions were assigned the wrong grade and regular maintenance was not being performed.

Finally, managers at the Council are often frustrated with the job classification process reporting a lack of understanding, transparency, and do not understand why the process takes as long as it does.



What We Recommend

HR should:

- Implement automated forms.
- Improve communication with their clients.
- Re-evaluate positions that have been assigned to an incorrect grade.
- Develop and implement a maintenance schedule for reviewing PCWs.

Why We Did This Work

This audit was performed to ensure that the position evaluation and classification process is documented & implemented according to HR 3-1a, and to determine what controls are in place to ensure equitable outcomes in the job classification process.

What We Reviewed

We reviewed the controls, processes, documentation related to the job classification process and committee decisions and industry best practices.

This audit did not review the appeals process or the salary administration process.

How We Did This Work

We reviewed Council policies and procedures related to job classification, researched best practices, and retrieved files from SharePoint. Audit also conducted interviews with Council managers, HR staff, Korn Ferry staff, and attended a Classification Committee.

Summary of Findings

Number	Description	Recommendation	Follow-up Action	Page
Observation 1	Documentation was missing, incomplete, or incorrect.	HR should implement an electronic form, or similar method, that requires the requestor to provide all necessary information before they can submit. This form should automatically route to the required approvers for their digital signature or approval.	Confirmation	<u>9</u>
Observation 2	Communication Issues Have Led to Criticisms	HR should develop methods or take steps to improve the communication between themselves and those responsible for hiring and promoting employees, such as providing training sessions on the classification process that includes an overview of the Hay Method.	Confirmation	<u>10</u>
Observation 3	Classifications Generally Assigned the Correct Salary Grade, with Some Exceptions	Reevaluate the positions that were assigned to an incorrect grade and place them within the appropriate grade.	Confirmation	<u>11</u>
Observation 4	Management Is Not Performing Maintenance on Job Classifications.	Human Resources should facilitate the review of PCWs.	Confirmation	<u>12</u>
		Human Resources should create and maintain a maintenance schedule for reviewing active PCWs.	Confirmation	<u>12</u>

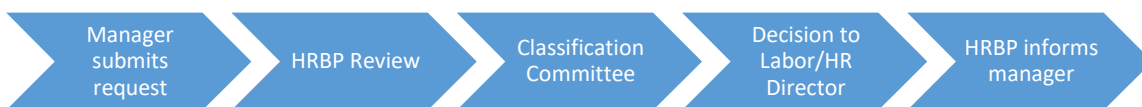
Introduction

Background

The Metropolitan Council is required, by state statute to have a compensation and classification system for its employees.¹ The Metropolitan Council’s classification and evaluation system governs all position classifications in the classified and unclassified service. According to the Council’s Position Classification and Evaluation System Procedure, job classification and evaluation is a system for objectively and accurately defining and evaluating the duties, responsibilities, tasks, and authority level of a job. The Council uses the Korn Ferry Hay Methodology to evaluate job components and determine the relative value of a particular job in the context of all other jobs at the Council. All positions are evaluated on the same factors, which are the position’s “Know How”, “Problem Solving”, “Accountability”, and special conditions.² The extent of each factor found in each position varies. The total points determine the position’s grade, in turn determining its pay range. Additionally, this system aides the Council in adhering to the Equal Pay Act as jobs are valued apart from the individuals performing the job.³

Job evaluations are performed when a new position is created, there is a fundamental role change in a position’s duties and responsibilities, or there is a vacancy. For new positions, an evaluation is required if the classification does not exist, or the position is new to the department. For vacancies, an evaluation may require an evaluation if the filling position is at a higher or lower grade level than the previous position.⁴ A “fundamental role change” occurs when an employee has been performing more complex responsibilities, their experience meets the minimum qualification, has been in their current classification for one year, and the most recent performance review is “achieves expectations” or better.

Figure 1: Job Classification Process



Human Resources (HR) administers the Position Classification and Evaluation procedure.⁵ A seven-person Position Evaluation Committee consisting of the Talent Director, three HR Business Partners (HRBPs), and three HR managers, review classifications. Talent Acquisition Specialists also attend

¹ Minn. Stat. 473.129 § 2: “The Metropolitan Council shall prescribe all terms and conditions for the employment of its employees including, but not limited to, adopting a compensation and classification plan for its employees.”

² Know How” is the job’s specific knowledge and skill. “Problem Solving” examines the position’s amount and nature of required thinking. “Accountability” reviews how answerable the position is for its actions and consequences. “Special Conditions” consist of items such as workplace conditions or safety sensitive designations.

³ Equal Pay Act: 29 CFR § 1620.13 “The Equal Pay Act prohibits discrimination by employers on the basis of sex in the wages paid for “equal work on jobs the performance of which requires equal skill, effort and responsibility and which are performed under similar working conditions.”

⁴ HR 3-1a Position Classification and Evaluation Procedure, “Types of Evaluation Requests”.

⁵ HR 3-1a: Position Classification and Evaluation Procedure.

committee meetings for training purposes. The Committee meets twice a month and reviews four classifications per session.

Council Managers are responsible for completing the Job Evaluation Request (JER) Form and Position Classification Worksheet (PCW). The JER outlines the detailed information about the position and the manager's justification for why a classification should be created, reclassified, or vacancy should be evaluated. The PCW is a document that details a position's job duties, required attributes, freedom, and other items. The manager is also responsible for attending the Position Evaluation Committee and answering their questions. The division's HR Business Partner assists the manager and leads the classification discussion at the Classification Committee.

Objectives

The audit objectives were to:

- Ensure the position evaluation and classification process is documented and implemented according to HR 3-1a.
- Determine what controls are in place to ensure equitable outcomes in the job classification process.

This audit considered the Council's Thrive MSP 2040 Outcomes and Principles of Equity and Accountability. Specifically, it planned to further equity by reviewing processes to identify any structural barriers to reclassifying employees. It intended to address accountability by reviewing adherence to Council procedures and the Hay Method.

Scope

This audit reviewed the controls, processes, and documentation related to the job classification process or committee decisions from January 1, 2020, to January 1, 2022.

This audit did not review the appeals process for job classifications decisions, as appeals are infrequent. Audit confirmed the frequency of appeals and did not need to expand the scope to include this process.

Additionally, this audit did not cover the Council's HR 3-1c Salary Administration Procedure. While salary and classification are intertwined, they are separate processes.

Methodology

Audit reviewed policies, procedures, and reviewed other organizations' classification standards. Audit also interviewed HR staff to understand the Job Classification process. In addition, Audit met with Korn Ferry to better understand the Hay Method, and how the Council uses this method.

Audit interviewed 10 managers around the Council to understand what they perceive was working well in the process, what was not working well, and their thoughts on how to potentially improve the process. Audit also sat in on one of the Classification Committee meetings to evaluate how different managers present their request for a job evaluation/classification, and to assess the process of how Hay points are determined.

Audit sampled classification documents from HR's Job Classification SharePoint to test for completeness, accuracy, and approvals. HR provided the job classification data which was used to

review if maintenance was being performed on the job classifications and if the Hay points aligned with their appropriate pay grade.

Limitations

Audit relied on HR staff to provide data and information regarding classifications and their related Hay points.

Recognition

Audit would like to thank Human Resources, Regional Administration, Environmental Services, and Metro Transit staff for their cooperation and timeliness during this audit.

HR staff were also responsive to issues as they arose throughout the audit. HR is proactively reviewing the Classification Committee's efficiency and effectiveness.

Observations

Documentation was missing, incomplete, or incorrect.

While most documentation is stored on the Classification SharePoint site, there were four instances where the PCW and/or the JER form was not present for the 23 sampled positions. HR staff were able to locate and upload one set of documentation. Issues were found with 20 of the 23 reviewed JERs and/or the PCWs. There was no documentation of an approval for six of the requests. The remaining issues are noted below (**Table1**):

Table 1: Number of Issues for JER and PCWs

Issue	# Of JERs with Issue	# Of PCWs with Issue
Missing JER or PCW	4	2
Missing/Incomplete Information	4	8
Unchecked Boxes	0	9
Multiple Boxes Checked	1	2
Mismatch of Incumbent's name	1	1

Council procedure, information on METNET, and training materials convey that documentation should be complete and have appropriate signatures.⁶ For the missing documentation there is not a requirement that documentation needs to be stored in a certain location. The remaining issues were caused by the fact that the forms do not force the requestor to fill in necessary information or limit the requestor to check only one box. In the instances where signatures were missing, HR allowed emails to be used for approvals instead of signing the documents.

If the PCW or JER is missing information, approvals, and/or has incorrect information in it, there is an opportunity to address these issues during the Classification Committee. However, this still could cause delays in getting a position reclassified, as the Classification Committee could reject the request until all documentation, information, and approvals/signatures have been provided. Additionally, without documentation of approval it is not clear if the request was approved by the appropriate manager or HR staff.

⁶ HR3-1a Position Classification and Evaluation System Procedure states the manager is responsible for “completing and obtaining appropriate approvals...” and that “all signatures must be obtained prior to Human Resources completing the Evaluation.

Recommendation:

1. HR should implement an electronic form, or similar means, that requires the requestor to provide all necessary information before they can submit. This form should automatically route to the required approvers for their digital signature or approval.

Management Response: Human Resources management agrees with the recommendation and is proposing to eliminate the Job Evaluation Request Form (JER) and incorporate the required approvals into the Position Classification Worksheet (PCW), resulting in a consolidated electronic form. The updated PCW form will have built in approvals and email notifications and required fields identified to ensure needed information is included.

While Human Resources is working to implement this electronic form and workflow, Human Resources staff will utilize AdobeSign for digital signatures and approval on classification requests starting in February 2023.

Timetable: Human Resources staff will partner with Information Services staff to create, test, and implement the updated, electronic PCW by the end of the third quarter in 2023.

Staff Responsible: The following Human Resources staff are responsible for this work:

Name	Title
Todd Rowley	Director, Talent Management
Becky Grams	Human Resources Manager, Business Partners

Audit Follow-Up: Confirmation.

Managers Perceive the Position Classification and Evaluation Process Is Not Transparent and Is Poorly Communicated

Organizations should develop comprehensive policies and strategies for communicating with constituencies, employees, stakeholders, and the community at large. According to the Society of Human Resource Management (SHRM), an impact of having effective communication policies and strategies is that it helps reduce the chances of misunderstandings and grievances.⁷ Broadly, the Council managers interviewed expressed frustration that they do not understand how the job classification and evaluation process works. Specifically, most did not understand why as much information was needed on the PCW or how that information was used to evaluate their request. Managers also expected to receive regular updates during the classification process. Most of the issues stem from a lack of training or communication on the job classification process itself and the Hay Method. Additionally, while the classification procedure outlines the process, it does not require any form of communication after the information has been presented to the Classification Committee, except for the final decision.

As a result, the managers interviewed have become critical of HR and the classification process. Some of these criticisms include:

⁷ Society for Human Resource Management (SHRM), “Managing Organizational Change”, 2017.

- There is a lack of transparency.
- The process takes too long.
- There is no or poor communication.
- HR and the Classification Committee possess a bias.
- Lack of understanding the department’s needs for a position.

Recommendations:

2. HR should develop methods or take steps to improve the communication between themselves and those responsible for hiring and promoting employees. This could include:

- providing training/info sessions on the classification process.
- providing training/info sessions on the Hay Method.
- updating procedure HR3-1a to add clarity about the process.
- providing regular updates to managers on their request or have the status of the request displayed on the “Classification Decisions Log” SharePoint site.

Management Response: Human Resources management agrees with the recommendation and will take the following action:

- Facilitate an Ask HR session for managers on the Classification process and include an overview of the Hay position evaluation methodology.
- Update procedure HR 3-1 with a clearer description of the process and reflect that the classification results impact the classification specification and not the Position Classification Worksheet
- Implement a periodic timeframe (every two-weeks) in which to provide a status update to the manager regarding pending classification results.

Timetable: Human Resources will complete this work within the timeframe specified below:

- Update procedure Quarter 1 2023
- Status updates to managers Quarter 1 2023
- Ask HR session Quarter 2 2023

Staff Responsible: The following Human Resources staff are responsible for this work:

Name	Title
Todd Rowley	Director, Talent Management
Becky Grams	Human Resources Manager, Business Partners

Audit Follow-Up: Confirmation.

Classifications Generally Assigned the Correct Salary Grade, with Some Exceptions

Fourteen job classifications are not at the correct grade level based on their Hay Points, affecting 25 employees. The Council’s Position Classification and Evaluation Procedure states that the Hay Guide Profile evaluation method is the Council’s means of evaluating positions, which determines a position’s salary grade in combination with the applicable bargaining unit’s rules. In this case, the affected classifications belong to the AFSCME and Non-Represented bargaining units.

For five positions, the rating occurred prior to the 2012 salary grid establishment. Two positions are going to be inactivated as they are no longer in use. HR staff did not identify a reason for one non-executive position. Finally, HR staff did not identify why six executive positions were classified at the wrong grade level. HR staff stated that the Regional Administrator had the statutory authority to modify certain positions but did not provide documentation that was what occurred for these six positions (**Table 2**).^{8, 9}

Table 2: Incorrect Grades and Reason

Affected Classifications	HR Reason
5	Hay rating occurred prior to establishing the salary grid in 2012.
2	Positions to be inactivated.
1	No reason provided.
6	Executive positions subject to Regional Administrator authority.

Due to the incorrect grades assigned to the classifications, staff were paid at a salary level above or below their Hay Point range for an unknown period.

Recommendations:

3. Re-evaluate the positions not classified at the correct grade level and document any exceptions.

Management Response: Human Resources management agrees with the recommendation and will take the following actions:

- Review all positions that have been identified as being in an incorrect grade, review incumbent salaries, and make corrections.
- Clarify verbiage in the Non-Represented Plan that executive classifications will take into consideration the position's total job points (as well as other factors) when assigning the position to the executive salary grid.
- Inactivate positions that are no longer in use.

Timetable: Human Resources management will complete the above work by the end of the second quarter in 2023.

Staff Responsible: The following Human Resources staff are responsible for this work:

⁸ The Non-Represented plan, section 10.01 states, “each job classification shall be assigned a salary range based on the position’s job evaluation points or market considerations in accordance with the salary administration plan.” Section 10.10 allows the Regional Administrator to increase the base salary for those in the executive compensation plan in the first pay period of 2022.

⁹ Minn. Statute § 473.125. “Regional Administrator.” “The regional administrator shall appoint on the basis of merit and fitness, and discipline and discharge all employees in accordance with the council's personnel policy, except the general counsel, as provided in section 473.123, subdivision 8.”

Name	Title
Todd Rowley	Director, Talent Management
Becky Grams	Human Resources Manager, Business Partners

Audit Follow-Up: Confirmation.

Management Is Not Performing Maintenance on Job Classifications.

Management does not consistently review position classification worksheets (PCW) every three years. 705 out of 856 active classifications (82.4%) have an effective date prior to January 1, 2019. Similarly, Human Resources is not administering a maintenance schedule for classifications. The Position Classification and Evaluation Procedure requires management to review position classification worksheets every three years or when a position becomes vacant. HR is required to maintain the position evaluation documentation and administer the maintenance schedule. HR staff do not provide managers with training, a maintenance schedule, or reminders when PCWs need to be reviewed. HR stated that they do not have the necessary staff to hit this goal. Furthermore, HR assumes that if a manager does not say anything about the classification, then it is up to date. Finally, HR cannot precisely determine when a position was updated, as the effective date in PeopleSoft is unreliable.

Failure to capture these changes could result in disaffected employees, outdated classifications, and inaccurate employee compensation. Proactively and routinely reviewing classifications ensures that classifications contain the most accurate job descriptions.

Recommendations:

- Human Resources should create and maintain a maintenance schedule for active PCWs and facilitate their review.

Management Response: Human Resources management agrees with the recommendation and will purchase software to assist in the area of position classification. Using the new software, a report will be generated to determine positions that have not been updated and reviewed within the last 3-years (per procedure). Human Resources management will create a maintenance schedule going forward to ensure that positions (class specifications) are reviewed every 3-years.

Timetable: It is Human Resources intent to purchase and implement the software in 2023. As part of the implementation project plan, the creation of the report and maintenance schedule will be identified and included.

Staff Responsible: The following Human Resources staff are responsible for this work:

Name	Title
Todd Rowley	Director, Talent Management
Becky Grams	Human Resources Manager, Business Partners

Audit Follow-Up: Confirmation.

Conclusions

The Council has a documented method to determine and update job classifications, and the results are reviewed by a third-party on an as needed basis. However, there are inconsistencies with the supporting documentation, classifications in relation to their salary grade, and maintenance of the PCWs. Additionally, communication issues have left Council management frustrated with the classification process. HR has an opportunity to increase integration and collaboration with management by making the process more transparent, as well as by making process changes to increase efficiency and the Classification Committee's effectiveness.



February 2, 2023
Matthew J. LaTour, Director, Program Evaluation & Audit
Chief Audit Executive

Appendix A

Program Evaluation and Audit recommendations are categorized according to how Audit will follow-up on them. The categories are:

- **Retest** — Audit will retest the area using the same or similar procedures after a recommendation has been implemented and sufficient time has passed for the changes to take effect. The retest will take place on a specified timetable. The recommendation will be closed once the change has occurred. A new audit project will be opened for retesting and any new findings will include new recommendations.
- **Confirmation** — Audit will confirm that an adequate risk response has been completed on the agreed upon timeline. The recommendation will be closed once the change has taken place.
- **Assess Risk** — Audit will not plan for specific follow up to these recommendations. Audit will discuss the area as part of its annual risk assessment activities and consider future audit work in the area.

Distribution List

All audit reports are reported to the general public and are available on www.metrocouncil.org. This audit report was distributed to the following parties:

- Members of the Audit Committee
- Regional Administrator
- Deputy Regional Administrator
- Human Resources Director
- Director of Talent Management and LOD
- Human Resources Manager



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