

Douglas A. Ducey
Governor



Kevin Donnellan
Acting Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

August 28, 2015

Ms. Debra K. Davenport, CPA
Auditor General
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Re: Performance Audit – Personnel Reform Implementation

Dear Ms. Davenport:

The Arizona Department of Administration (Department) has reviewed the draft of the recent performance audit of Personnel Reform Implementation provided by your office. As requested, the Department's written response is detailed below.

Finding 1 – Although the three key personnel reform provisions are largely implemented, the Arizona Department of Administration (Department) should take additional steps to finish implementing personnel reform and it also should strengthen workforce planning state-wide.

Recommendations:

- 1.1. The Department should complete the state-wide classification system update by finalizing and implementing a classification system update plan. This plan should:
 - a. Identify and incorporate classification system best practices;

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- b. Specify the tasks or activities that need to occur to implement the system update, prioritize work on the tasks or activities, and establish time frames for the completion of these tasks or activities;

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- c. Identify needed resources and the persons assigned who are responsible for the plan's execution; and

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- d. Specify who is responsible for monitoring the plan's implementation to ensure the update progresses as expected.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- 1.2. The Department should develop a comprehensive internal workforce plan to mitigate the potential loss of institutional knowledge, skills, and expertise due to retirements.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- 1.2. The Department should encourage state agencies to engage in workforce planning by:

- a. Continuing to provide workforce planning guidance; and

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- b. Providing training to state agencies on how to conduct workforce planning. This training should cover how to retain valuable employees, plan for their eventual succession, and ensure continuity of needed skills and abilities.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Ms. Debra K. Davenport, CPA

August 28, 2015

Page 3

- 1.4. The Department should work with the State Legislature to statutorily require state agencies to conduct workforce planning. In proposing this legislation, the Department should work with the Legislature to determine what workforce planning requirements should be addressed in statute, including how often state agencies should conduct workforce planning and specifying any review responsibilities.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- 1.5. If statute is amended to require that state agencies conduct workforce planning, the Department should develop and implement policies and procedures that establish the requirements and guidance for the development of state agencies' workforce plans, including the minimum requirements for what these plans should include and the frequency with which state agencies should update their plans.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- 1.6. If statute is amended to require that state agencies conduct workforce planning, the Department should periodically monitor state agencies' workforce planning efforts.

Agency Response:

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Thank you for the opportunity to respond to the audit. We will continue to work with your office as we move toward our six month status update.

Sincerely,

Kevin Donnellan
Acting Director