

## 10. Improving Human Resource Processes

- **The Public Utilities Commission's process to hire a new employee takes five months, on average. The Public Utilities Commission's Human Resource Services Section is responsible for all aspects of the hiring process, but the Section has most control over the timeline from the date that the requisition is approved to the date that an applicant pool is provided to the requesting division. Although the average time for the Human Resource Services Section to provide a list of applicants to the requesting division once the requisition has been approved was 40 days, the timeline ranged as high as 191 days, or 6.4 months.**
- **The Human Resource Services Section has not previously measured or fully analyzed the hiring process. The Human Resource Services Section is planning to implement an automated Work Flow system, with a possible implementation date in the Fall of 2005. As part of the implementation, the Human Resource Services Section has developed policies and procedures, and a flow chart, to map the hiring process, which will establish timelines for Human Resource Services staff to review the division's request to fill a vacant position and submit the position requisition to the Mayor's Office, Controller's Office, and the Department of Human Resources for review, but do not establish timelines for other parts of the hiring process. The Public Utilities Commission's Director of Human Resource Services should establish and measure timelines for all steps of the hiring process.**
- **The Human Resource Services Section provides both oversight and services for the Public Utilities Commission's payroll and personnel functions, but has not fulfilled these roles consistently. Until now, the Human Resource Services Section has not provided standardized personnel policies and procedures to the operating divisions, although the Human Resource Services Section has finally written draft personnel procedures for the Public Utilities Commission as a whole. The Human Resource Services Section needs to improve communication with the Public Utilities Commission's operating divisions, and should implement service agreements, which includes staff contacts, response times to requests for information, turnaround time for specific processes, and procedures to resolve complaints or disputes. The service agreements should also include regular meetings and sharing of information as needed to ensure that staff in the Human Resource Services Section and operating divisions understand their respective roles and responsibilities.**

- **In FY 2004-2005, the Public Utilities Commission identified 152 positions for which the incumbent's working classification differed from the position's budgeted classification. Of these 152 positions, the Public Utilities Commission requested reclassification for only 28 positions, or 18.4 percent, in the FY 2005-2006 budget. The total budgeted cost of these positions is \$10.5 million, compared to an actual cost of \$9.65 million, resulting in over-budgeting by approximately \$850,000. By budgeting positions to reflect the actual working classification, the Public Utilities Commission could reallocate up to \$850,000 without increasing its budget.**
- **Although the Public Utilities Commission has used three different timekeeping systems to facilitate payroll processing, the Public Utilities Commission will convert fully to its own enterprise timekeeping system, eTime, during FY 2005-2006. Conversion to eTime will facilitate payroll processing, reducing ongoing Human Resource Services staffing needs. Therefore, the Human Resources Services should reduce two 1222 Senior Payroll/Personnel Clerk positions in the FY 2006-2007 budget, after full conversion to the eTime system, resulting in annual salary and fringe benefit savings of approximately \$150,000.**

## **The Public Utilities Commission's Human Resource Services**

The Public Utilities Commission's Human Resource Services provides all the human resource functions generally provided by the City's Department of Human Resources. Human Resource Services is divided into five main functions:

- Staffing, including recruitment, examination, and hiring functions;
- Employee relations, including requisition processing for newly hired employees, implementation of memoranda of understanding with employee organizations, processing grievances and disciplinary actions, and managing workers' compensation claims;
- Equal employment opportunity, including investigating and acting on discrimination or harassment claims;
- Payroll, including processing the Public Utilities Commission's employee payroll; and
- Health and safety, including responsibility for the Public Utilities Commission's injury and illness prevention program.

Additionally, the Human Resource Services has assigned staff to coordinate training and special projects, such as the development of the Public Utilities Commission's position inventory system.

During the five-year period from FY 1999-2000 through FY 2004-2005, the Human Resource Services budget increased by approximately 11 percent, from \$3.7 million in FY 2000-2001 to \$4.2 million in FY 2004-2005. The number of full time positions in the Human Resource Services budget increased from 42 positions in FY 1999-2000 to 43 positions in FY 2004-2005. In addition to the 43 positions providing personnel and payroll services, the Health and Safety Unit was transferred from the Bureau of Environment and Regulatory Management Section to the Human Resource Services Section during FY 2004-2005, in accordance with the Budget Analyst's recommendation during Phase I of the management audit.

### **Increasing Efficiency in the Hiring Process**

One of the Public Utilities Commission's core functions is recruiting and hiring new employees. These functions are divided between two units, Staffing and Employee Relations. The hiring process consists of several phases, which begins when the operating division submits a requisition request to fill a vacant position. The Staffing Unit processes the requisition, including reviewing and recommending the position classification if necessary. The Employee Relations Unit submits the position requisition to the Mayor's Office, Controller's Office, and the Department of Human Resources for approval. Once the position requisition has been approved, the Staffing Unit recruits for the position by either (a) requesting an eligibility list from the Department of Human Resources if a current eligibility list exists, or (b) developing and conducting an exam for the position. The Staffing Unit is responsible for the hiring process until a candidate is selected for the position. The Employee Relations Unit is responsible for processing the candidate for hire.

During the 2000 review of year one of the Public Utilities Commission's contract with the San Francisco Water Alliance, the Budget Analyst found that the Public Utilities hiring process, from the time that the operating division submitted the requested requisition to the Public Utilities Commission's Human Resource Services Section until the selected candidate's start date ranged from eight to 17 months. Since that time, the Public Utilities Commission has shortened the hiring process. In FY 2004-2005, the average time to hire a new employee into a vacant permanent civil service position was 153 days, or 5.1 months<sup>1</sup>, which includes:

- 52 days from the date that the position requisition is submitted to the Mayor's Office, Controller's Office, and Department of Human Resources for review to the date of approval.
- 40 days from the date that the requisition is approved to the date that an applicant list is available to the division requesting to hire the position.
- 61 days from the date that the applicant list is available to the requesting division to the selected employee's start date.

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<sup>1</sup> The average time is based on 46 permanent civil service positions hired in FY 2004-2005.

The Human Resource Services Section is responsible for all aspects of the hiring process, but the Section has most control over the timeline from the date that the requisition is approved to the date that an applicant list is provided to the requesting division. Although the average time for the Human Resource Services Section to provide a list of applicants to the requesting division once the requisition has been approved was 40 days, then timeline ranged as high as 191 days, or 6.4 months.

#### Implementation of the Work Flow System

The Human Resource Services Section has not previously measured or fully analyzed the Public Utilities Commission's hiring process. The Human Resource Services Section is planning to implement an automated Work Flow system, with a possible implementation date in the Fall of 2005, which will consolidate the hiring process documents into an electronic system. This Work Flow system can track the progress of the position requisition as it moves through the steps of the hiring process. As part of the implementation, the Human Resource Services Section has developed policies and procedure and a flow chart to map the hiring process. The policies and procedures establishes timelines for Human Resource Services staff to review the division's request to fill a vacant position and submit the position requisition to the Mayor's Office, Controller's Office, and the Department of Human Resources for review, but do not establish timelines for other parts of the hiring process.

According to the Human Resource Services, four possible measures of the Work Flow system are proposed, which include the timeline between:

- The date that the operating division requests a requisition to the date that the requisition is submitted into the Department of Human Resources' PeopleSoft system for review.
- The date that the requisition is submitted into PeopleSoft to the date that the requisition is approved by the Mayor, the Controller, and the Department of Human Resources.
- The date that the requisition is approved to the date that the Human Resource Services staff provide the eligibility list or applications to the requesting division.
- The date that the requesting division receives the eligibility list or application to the candidate selection date.

The Director of Human Resource Services should establish timelines for the steps of the hiring process and benchmark these measures against the established timelines.

#### **Providing Services to the Public Utilities Commission's Divisions**

The Human Resource Services Section provides (a) oversight for the Public Utilities Commission's payroll and personnel functions and (b) personnel services to the operating divisions. The Human Resource Services Section has not fulfilled these roles

consistently. Until now, the Human Resource Services Section has not provided standardized personnel policies and procedures to the operating divisions. Although some operating divisions, such as the Clean Water Enterprise's Water Pollution Control Division, have developed their own policies and procedures, development and application of personnel policies and procedures throughout the Public Utilities Commission have been inconsistent. The Human Resource Services Section has finally written draft personnel procedures covering attendance, leaves, political activity, timekeeping, and work hours, which are undergoing final review.

According to interviews with the Public Utilities Commission divisions' staff, the Human Resource Services Section needs to improve communication with the divisions, especially for the hiring process. Implementation of the proposed Work Flow system will allow operating division staff to track the movement of the position requisition through the hiring process, but the Director of Human Resource Services will need to ensure that Human Resource Services staff are available to discuss the status of hiring or other personnel transactions and to work with operating division staff to resolve problems.

As discussed in Section 1 of the management audit report, the Director of Human Resource Services Section should establish service agreements with the operating divisions that outline the Human Resource Services oversight and service responsibilities. The service agreement should spell out specific service requirements as appropriate, including (a) an identified Human Resource Services contact person, (b) timelines for responding to phone calls or requests for information, (c) turnaround time for specific processes, and (d) procedures to resolve complaints or disputes. The service agreements should also include regular meetings and sharing of information as needed to ensure that staff in the Human Resource Services Section and operating divisions understand their respective roles and responsibilities.

## **The Position Control Function**

Currently, the Public Utilities Commission has limited position control but is in the process of implementing a new position control system. The new system, which is expected to be fully implemented by September of 2005, will allow the Public Utilities Commission to identify positions by the (a) position, (b) requisition, or (c) employee. The history of a position can be traced, including employees who held position previously, reassignment of positions between index codes, and substitution of positions. Also, the new position control system will be able to generate various inventory, vacancy, substitution, employee status, and index code reports to allow the Public Utilities Commission to better track positions.

### Reconciling Position Inventory with the Budget

The Public Utilities Commission's new position control system is expected to contain more detailed and accurate position information than in the current system. The Financial Services Section staff will have access to position control reports, including reports that specify actual compared to budgeted positions.

In FY 2004-2005, the Public Utilities Commission identified 152 positions in which the classification in which the incumbent was working differed from the position's budgeted class. Of these 152 positions, the Public Utilities Commission requested reclassification for only 28 positions, or 18.4 percent, in the FY 2005-2006 budget. The total budgeted cost of these positions is \$10.3 million, compared to an actual cost of \$9.5 million, resulting in over-budgeting by approximately \$800,000.

The Financial Services Section needs to review all positions in which the actual position differs from the budgeted position and revise the position in the annual budget. By not budgeting positions to reflect the actual classification, the Public Utilities Commission is tying up approximately \$850,000 annually that could be allocated to other purposes.

### **Changes to Existing Payroll Processes**

Until May of 2005, the Public Utilities Commission used three timekeeping systems to facilitate payroll processing, which included the system previously used by the Department of Public Works to manage Clean Water Enterprise timekeeping, the Public Utilities Commission's existing in-house system, and the system established for the Capital Improvement Program. The Public Utilities Commission will convert fully to its own enterprise timekeeping system, eTime, during FY 2005-2006. Conversion to eTime will facilitate payroll processing, reducing ongoing Human Resource Services staffing needs. Therefore, the Human Resources Service should reduce two 1222 Senior Payroll/Personnel Clerk positions in the FY 2006-2007 budget, after full conversion to the eTime system, resulting in annual salary and fringe benefit savings of approximately \$150,000.

### **Conclusions**

The Public Utilities Commission has several inefficient human resource practices, including hiring and position control. The 10 to 17 month timeline to hire a new position harms the Public Utilities Commission's ability to hire qualified individuals to meet its operating needs. Although the Public Utilities Commission is implementing a new position control system that will allow the department to better track and monitor positions, the Public Utilities Commission has not ensured that actual positions will be included accurately in the budget.

The Public Utilities Commission should set performance standards for its hiring process. By streamlining the process when possible, establishing timelines, and benchmarking performance against the timelines, the Public Utilities Commission's Director of Human Resource Services could ensure a more efficient and timely hiring process.

The Public Utilities Commission should also ensure that when the actual working position classification differs from the budgeted classification, the budget is revised to reflect the actual classification. The Public Utilities Commission over-budgets by approximately \$800,000 annually because it does not revise budgeted positions to reflect actual classifications. By budgeting positions to reflect actual classifications, the Public Utilities Commission could reallocate up to \$800,000.

Also, the Director of Human Resource Services should reduce staffing in the Payroll Unit once the eTime timekeeping system is fully operational to ensure cost-efficient payroll processing.

## **Recommendations**

The Director of Human Resource Services should:

- 10.1 Evaluate the steps and timelines for recruiting and conducting exams for vacant positions and processing the selected candidate.
- 10.2 Establish timelines for specific stages of the hiring process and streamline steps in the hiring process when possible.
- 10.3 Establish performance measures for the hiring process, including meeting established timelines and preparing complete information.
- 10.4 Benchmark the Work Flow system measures against the timelines established for specific steps of the hiring process.
- 10.5 Reduce two 1222 Senior Payroll/Personnel Clerk positions in the FY 2006-2007 budget, after full conversion to the eTime system.

The Director of Financial Services should:

- 10.6 Review all Public Utility Commission positions in which the actual position differs from the budgeted position and revise the position in the annual budget.

## **Costs and Benefits**

The Public Utilities Commission would save approximately \$150,000 in salary and fringe benefit costs by reducing staffing in the Human Resource Services Payroll Unit to correspond to actual staffing needs when the eTime timekeeping system is fully implemented in FY 2005-2006. The Public Utilities Commission would be able to reallocate up to \$800,000 in one-time savings by revising the budget to ensure that the budgeted classification for a position is the same as the working classification.