

STATE UNIVERSITIES CIVIL SERVICE SYSTEM

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August 22, 2008

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Illinois Student Assistance Commission

Mr. Marc Strauss
Merit Board Chair
State Universities Civil Service System

The State Universities Civil Service System respectfully submits the Final Audit Report of the Biennial Institutional Compliance Audit conducted at the Illinois Student Assistance Commission. The audit period tested was November 1, 2005 through February 29, 2008. This report is intended to communicate the final material findings, recommendations and corresponding institutional responses formulated through a comprehensive human resource compliance and operational audit.

On behalf of the audit staff, we thank you and the human resource staff for a very productive audit experience. If there are any questions or a personal briefing on any item is desired, please call Jeff Brownfield (217) 278-3150 ext. 236.

Lewis T. (Tom) Morelock
Executive Director

Illinois Student Assistance Commission Final Audit Report



State Universities Civil Service System Compliance Audit

August 22, 2008

Audit Period

November 1, 2005 to February 29, 2008

Prepared by:

Jeff Brownfield
Assistant Director

Illinois Student Assistance Commission
Final Audit Report

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Illinois Student Assistance Commission
Final Audit Report

Introduction

PURPOSE

The State Universities Civil Service System was created in 1952 as a separate entity of the State of Illinois and is under the control of the University Civil Service Merit Board as set forth in Section 36b(3) of the State Universities Civil Service Act (Act) (110 ILCS 70/36b(3)). The purpose of the State Universities Civil Service System is to establish a sound program of personnel administration for its constituent employers (110 ILCS 70/36b(2)). To achieve this purpose, the Merit Board has been given a broad range of statutory powers and duties, which include the power to make rules to carry out the purpose of the State Universities Civil Service System and to appoint an Executive Director to administer the Act (110 ILCS 70/36d(11) and (12)).

As part of its statutory power, the Merit Board has promulgated rules that delegate to the Executive Director the authority and responsibility for conducting "ongoing audit programs of all Civil Service operations at all places of employment for the purpose of assuring compliance with the [Act (110 ILCS 70/36b et seq.)] and [Part 250 of the Illinois Administrative Code (Code) (80 Ill. Adm. Code 250)] and for improving the programs of personnel administration of its constituent employers" (80 Ill. Adm. Code §250.140(c)). The Act and Code are hereinafter referred to as the Statute and Rules.

This report communicates the final outcome of a comprehensive human resource operational audit, which included an on-site evaluation that was conducted on June 18-20, 2008. An exit conference conducted July 23, 2008 provided the opportunity for the Draft Audit Report to be discussed with the Employer. Upon completion of the exit conference, the draft report is parceled out to a Final Audit Report (Material Findings only) and a supplement (Non-material Findings).

OVERVIEW

The following Human Resource activities were reviewed and utilized in identifying the Material (Final Audit Report) and Non-material Findings (Supplement):

- **Assignment of Positions to Classes**

The Auditor completes a review of selected job descriptions for timely updates, proper administration, and correct assignment of position classifications. Additional desk audits of selected positions are conducted onsite for appropriateness of position classifications. There is also an evaluation of the Employer's desk audit process and conclusions during the time span audited.

- **Compensation Programs**

The Auditor completes an analysis of the Employer's use of pay rates and pay ranges approved by the Merit Board. An overall evaluation is then conducted of the Employer's compensation program and initiatives to meet requirements of pay equity within the Employer's market area.

- **Administration of Employment and Separation Procedures**

The Auditor reviews the Employer's business processes and procedures related to the employment cycle, including pre-employment activities, probationary and status employment, and employment separation programs. There is also an assessment of the Employer's utilization and monitoring of non-status appointments.

- **Administration and Employment Protocols of Principal Administrative Appointments (PAA)**

The Auditor completes a review of the employment protocols and assigned responsibilities for Principal Administrative Appointments. This review is conducted to assure compliance with the exemption authorization provided to each employer. The Employer's exemption forms and related position descriptions are reviewed and selected incumbent interviews are conducted for further validation of approved exemption. The audit process also includes a review of the Employer's administrative procedures related to these appointments and their approved exemption status.

- **General Review of the Employer's Human Resource Program**

The Auditor completes a general review of the Employer's human resource programs with respect to effectiveness, efficiency and levels of communication to constituencies. There is also an assessment of the recognition and interaction of human resource programs within the Employer's faculty, administrative and support staff employee groups. The impact of new technology on the recordkeeping and processing of information is also an element for review.

- **Other Follow-up Items from Previous Audit**

Other follow-up items from previous audits, as well as other matters deemed necessary and appropriate, may have been reviewed and submitted as additional audit subjects.

The following staff members from the System Office, Audit and Advisory Services Division, were directly responsible for conducting various aspects of the audit:

Jeff Brownfield, Assistant Director
Roger Frick, Human Resource Officer
Paula Mitchell, Human Resource Assistant

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YEAR ENDED – 2008
RELEASE DATE – August 22, 2008

The compliance testing performed during this examination was conducted in accordance with State Universities Civil Service Act (110 ILCS 70/36b et seq.), Part 250 of the Illinois Administrative Code (Code) (80 Ill. Adm. Code 250), State Universities Civil Service Procedure Manuals, applicable University/agency policies/procedures, and auditing standards.

SUMMARY OF MATERIAL FINDINGS

| <u>Number of</u> | <u>This Report</u> |
|-------------------------|---------------------------|
| Findings | 1 |
| Repeated findings® | 1® |

SCHEDULE OF MATERIAL FINDINGS

| <u>Item Number</u> | <u>Page</u> | <u>Description</u> |
|-------------------------------|--------------------|--|
| ISAC FY08-01 | 4 | FINDINGS (STATE UNIVERSITIES CIVIL SERVICE ACT) Unauthorized Transition of Civil Service Employees/Positions to Principal Administrative Appointments within the Same Organizational Unit® |

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Material Findings, Recommendations, Institutional Corrective Action Plans
and Additional Auditor Comments

ISAC FY08-01 Unauthorized Transition of Civil Service Employees/Positions to Principal Administrative Appointments within the Same Organizational Unit

- 1) Principal Administrative Appointments Procedures Manual, Section 1.2 Position Standards

Exemption from civil service standards is allowed in accordance with the Principal Administrative Appointments Procedures Manual, Section 1.2 Position Standards. These guidelines provide that System Office approval is required prior to the transition of any civil service position (vacant or encumbered) to a Principal Administrative Appointment (PAA) within the same organizational unit or when a current civil service employee is to be employed in a PAA exempt position in the same organizational unit.

Two (2) conversions of employees/positions from Civil Service to PAA exempt were within the same organizational unit. System Office approval for these conversions was not secured as required. This is inconsistent with System Office requirements.

Human Resources staff indicated that when a new PAA position is created or when a current PAA position is vacated, that the position description or PAPE form is reviewed internally to assure that PAA exemption is appropriate. According to the Employer, internal or external applicants are then 'hired' into PAA positions in accordance with the employment protocols for filling a vacancy. If hired to fill the vacancy, the CS employee would vacate the CS position and move into the new position.

Failure to follow SUCSS procedures may result in unauthorized conversions and is considered a technical compliance violation. In situations where the vacant CS position is either not filled or deleted, the results are a decrease in total CS employee count and an increase in total PAA employee count. In these isolated inner-departmental exemption transactions, the Employer has not been extended the final authority to conduct this transaction. The continued movement of employees/positions may lead to improper position management and the failure to apply appropriate statutory employment obligations.

This was a repeat finding from the previous audit conducted February 8-10, 2006, [*Finding Code FY06, pages 8 and 15*].

System procedures require that if civil service employees and/or positions are being converted to PAA exempt status in the same operating unit, the Employer should seek authorization through the System Office prior to implementing this personnel transaction, regardless of the technical employment transaction recorded. Therefore, we reiterate our request that the Employer adhere

to the Principal Administrative Appointments Procedures Manual, Section 1.2 Position Standards for any future appointments of this nature and obtain approval from the System Office prior to implementing these transactions. It is recommended that this requirement be included in the standard employment protocols for filling any PAA vacancy.

Institutional Corrective Action Plan—provided by Mary Rozgus, Human Resource Manager

Although it was the employer's understanding that all positions that were converting from Civil Service to PAA required SUCSS approval, it was not the Employer's understanding that SUCSS must approve any and all PAA designated positions. As such, since the time of the last audit the Employer has created and filled the following new PAA designated positions without securing prior SUCSS approval:

Chief Marketing and Communications Officer
Director, Sales and Marketing, College IL!
Manager, Sales and Marketing, College IL!
Chief Investment Officer, College IL!

If you would like a copy of each job description we would be happy to provide them again (sent to Paula before the audit). Going forward effective immediately, the Employer will seek authorization through the SUCSS office prior to filling any new or existing position that has a PAA designation.

Additional Auditor Comments

The Auditor appreciates the additional material submitted by the Employer. As a matter of clarification, the Employer is not required to seek approval for newly created titles, unless the positions do not conform to one of the Standard Titles provided. The Employer is required to seek authorization through the System Office in instances where the position does not conform to one of the Standard Titles provided, and in all cases when a civil service employee/position is being transitioned to PAA exempt status.

Through subsequent conversation, it was determined that the above listed positions would be mapped to a Standard Title, e.g., Director, Specialist. As indicated above, the Employer has committed to seek prior authorization as required by procedures.