

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Audit of the Process of Staffing State Programs

Summary

The State Auditor initiated this audit to answer the often-puzzling question of how state agencies acquire staff for their programs and why the process takes so long. We focused on describing the process and recommending changes to it.

Hawaii state government is the largest single employer in Hawaii with over 60,000 employees. Approximately one-half of those employees are hired through a staffing process administered by the Department of Human Resources Development (DHRD). The remaining half are professional staff of the Department of Education and the University of Hawaii, two agencies with the authority to recruit independently of DHRD. Most (85 percent) of the employees hired through the personnel system administered by DHRD are civil service employees. The remaining 15 percent are classified as exempt employees, not subject to civil service requirements.

DHRD is the lead agency in the staffing process, having responsibility for establishing new classes in the state classification plan, assisting agencies to recruit and screen applicants, and determining when positions can be exempt from civil service. The Department of Budget and Finance also has a role to play in the staffing process. It decides on proposed reorganizations of agencies that in turn affect staffing actions. B&F also decides whether a proposed position variance, or reclassification of a vacant position, complies with state policies.

We note that DHRD needs to provide long-term commitment and leadership to reform Hawaii's civil service system. The department has initiated some changes to the staffing process. However, two fundamental problems continue to plague the civil service system: (1) difficulties in filling positions, and (2) delays in classifying positions. Solutions to these problems can be gleaned from civil service reforms in other jurisdictions.

A primary focus of civil service reform in Hawaii should be to simplify the system of classifying positions. The department has established approximately 1,800 job classes and more classes are being created. DHRD can improve the job classification system by reducing the number of job classes, or "broad-banding" classes.

DHRD should also establish clearer rules for establishing exempt positions to prevent abuse of the exempt process.

Finally, the Department of Budget and Finance should clarify and expedite the reorganization process. The department should clarify the purpose for reviewing reorganizations, define the elements of a reorganization more clearly, and explain how and when an agency should institute a reorganization.

Recommendations and Response

We recommend that the Legislature support efforts to reform the civil service system by amending Chapter 76 to: (1) liberalize provisions on position classification; and (2) clarify the rationale for and categorization of exempt positions.

In addition, we recommend that the Department of Human Resources Development continue to play a leadership role in reforming the civil service system. As part of this effort, DHRD should: (1) work in partnership with other line agencies and help agencies to simplify and expedite their internal personnel processes; (2) move toward a "broad-banding" classification system; and (3) issue guidelines on the use and applicability of the exempt process and establish oversight of the process.

Finally, we recommend that the Department of Budget and Finance develop a clear set of guidelines and principles for agencies to follow in instituting reorganizations.

The Department of Human Resources Development expressed appreciation for the audit of the staffing process. The department provided information on the delegation of classification actions which was incorporated into the report. It also agreed with the findings on the exempt process.

The Department of Budget and Finance agreed with the recommendation to develop a clear set of guidelines and principles for agencies undertaking reorganization. The department noted that it has already begun to revise its procedures for the elements under its control.

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