Legislation Text

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JULY 13, 2021

TO THE MAYOR, CITY COUNCIL, CITY CLERK, CITY TREASURER, AND COMMUNITY MEMBERS OF THE CITY OF CHICAGO:

The City of Chicago Office of Inspector General (OIG) has completed a follow-up to its October 2020 audit of the Department of Human Resources' (DHR) management of the City's employee performance evaluation process. Based on the Department's responses, OIG concludes that the Department has partially implemented two, and not implemented four, of the six corrective actions related to the audit findings.

The purpose of the 2020 audit was to determine whether DHR ensured that City departments evaluated their employees as required by its Personnel Rules, and, if so, whether the evaluation process aligned with national best practices. Our audit found that DHR did not ensure that departments evaluated all employees. DHR did not clearly define the roles and responsibilities related to periodic evaluations required by Personnel Rule XIV, nor did it ensure departmental compliance with the rule.

As a result, 13 departments-comprising more than 6,000 City employees-reported they did not conduct annual performance evaluations of all of their employees, and another 7 City departments-comprising more than 10,000 employees-reported they did not conduct any performance evaluations whatsoever.

Based on the results of the audit, OIG recommended that DHR develop a Citywide performance evaluation system with standardized procedures to ensure annual evaluation of all employees, while still allowing for customization across the various departments. We further recommended that DHR consider implementing an automated evaluation process and conduct a staffing assessment to determine the number of staff needed to administer the evaluation system. Finally, we recommended that DHR revise Personnel Rule XIV to define performance evaluation expectations and responsibilities in a clear manner, and report on departmental compliance to the Mayor's Office. In its response to the audit, DHR described corrective actions it would take.

In May 2021, OIG inquired about corrective actions taken by DHR in response to the audit. Based on DHR's follow-up response, OIG concludes that the Department has not implemented four of the six corrective actions, and partially implemented

the remaining two. Specifically, DHR has identified ways to use existing City data systems to monitor departments' completion of annual evaluations, but has not yet created or implemented a Citywide evaluation policy. The Department attributed this to technical issues and operational changes in response to COVID-19, and stated it intends to issue a policy by the end of 2021.

IGCHICAGO.ORG | OIG TIPLINE: (866) 448-4754 | TTY: (773) 478-2066Once fully implemented, OIG believes the corrective actions identified by DHR may reasonably be expected to resolve the core findings noted in the audit. We urge the Department to fully implement the recommendations by issuing a Citywide policy that requires departments to conduct annual evaluations for all employees, approving departmental evaluation policies and procedures, monitoring departments' completion of the evaluations, providing periodic reports to the Mayor's Office, and conducting a staffing assessment to determine what resources would be needed to administer a Citywide evaluation system; Below, we summarize our audit finding and six recommendations, as well as DHR's response to our follow-up inquiry.

We thank the staff andleadership of DHR for their cooperation during the audit and responsiveness to our follow -up inquiries.

Respectfully,

FOLLOW UP-RESULTS

In May 2021, OIG followed up on its October 2020 audit of DHR's management of employee performance evaluations.1 DHR responded by describing the corrective actions it has taken. Below, we summarize OIG's finding, the associated recommendations, and the status of DHR's corrective actions. Our follow-up did not observe or test implementation of the new procedures; thus, we make no determination as to their effectiveness, which would require a new audit with full testing.

piMniMr- I DHR does not ensure all City employees are I evaluated annually

OIG Recommendation 1:

OIG recommended that DHR revise Personnel Rule XIV to define expectations and responsibilities for employee performance evaluations more clearly.

Status of Corrective Action: Not Implemented

In response to the audit, DHR agreed to revise the Personnel Rules for clarity, but noted that it is a lengthy process due to public notice and comment requirements. DHR stated that, while the revision was underway, it would issue a Citywide performance evaluation policy in the first quarter of 2021. The Department has not yet issued this policy. DHR stated that the process has taken longer than expected due to technical issues related to implementation and operational changes in response to COVID-19, but the policy is currently in development and is expected to be issued prior to the end of 2021. OIG urges DHR to start revising Personnel Rule XIV, and to promptly issue a policy that requires departments to conduct annual evaluations for all employees, thereby enabling DHR to implement other recommendations listed below, including compliance monitoring and reporting.

OIG Recommendation 2:

OIG recommended that DHR require performance evaluations of all City employees on, at minimum,

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an annual basis.

1 City of Chicago Office of Inspector General "Department of Human Resources Employee Performance Evaluation Audit," October 14, 2020, <https://igchicago.org/2020/10/14/department-of-human-resources-emplovee-> performance-evaluation-audit/.

Status of Corrective Action: Not Implemented

DHR stated that it plans to require, through a Citywide policy, the annual evaluation of all City employees. As stated above, DHR has not yet issued the policy.

OIG Recommendation 3:

OIG recommended that DHR approve departmental evaluation policies and procedures, allowing for customization at the department level.

Status of Corrective Action: Not Implemented

DHR stated that the Citywide policy will describe how DHR will approve departments' evaluation policies and procedures. As described above, DHR is currently developing the policy, and intends to issue it prior to the end of 2021.

OIG Recommendation 4:

OIG recommended that DHR remind departments to complete evaluations and monitor their compliance.

Status of Corrective Action: Partially Implemented

DHR determined that it could use the Chicago Integrated Personnel and Payroll Systems for reminders and compliance monitoring, and the Employee Electronic Document Management System for record keeping and supporting documentation. We urge DHR to implement these uses of existing systems alongside the forthcoming Citywide performance evaluation policy.

OIG Recommendation 5:

OIG recommended that DHR exercise its authority to report on departmental compliance with Personnel Rule XIV to the Mayor's Office.

Status of Corrective Action: Not Implemented

DHR stated that once it rolls out a Citywide policy and implements the systems for compliance monitoring described above, it will begin reporting departmental compliance to the Mayor's Office.

OIG Recommendation 6:

During the audit, DHR management stated that managing the paper-based Citywide evaluation system was too burdensome for its staff, along with their primary duties related to hiring classification. The Department
attempted to address these shortcomings in 2018 by considering an automated employee performance evaluation module developed by its recruitment software vendor, but the vendor unexpectedly announced it was terminating the module. DHR did not pursue another automated system, and had not developed alternate procedures for monitoring department evaluation policies and practices and holding departments accountable.

OIG recommended that DHR conduct a staffing assessment to identify how many personnel are

needed to operate a Citywide evaluation system. We also recommended that DHR consider implementing an automated process that allows for reminders, monitoring, real-time tracking and reporting, and collection of evaluation records automatically; provide trainings for department supervisors; and monitor compliance with the maintenance and use requirements for performance evaluations.

Status of Corrective Action: Partially Implemented

DHR stated that it has not conducted an analysis of the additional staff capacity that would be needed to operate a Citywide evaluation system. OIG urges DHR to conduct this staffing assessment.

Regarding automation, DHR stated that, due to budget constraints, it has explored ways to use the City's existing IT systems, rather than creating a new system. We describe the proposed procedures for use of existing systems above, in our assessment of the status of corrective action for recommendation four. We encourage DHR to prepare a cost/benefit analysis of creating a new, automated evaluation system for consideration during budget deliberations.The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through,

- administrative and criminal investigations by its Investigations Section;
- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and human resources activities by its Compliance Section.

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OIG's authority to produce reports of its findings and recommendations is established in the City of Chicago Municipal Code §§ 2-56-030(d), -035(c), -110, -230, and 240.

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