



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

MANAGEMENT POSITIONS IN THE EXECUTIVE BRANCH

MANAGEMENT AUDIT

Release Date: April 2013

SYNOPSIS

Legislative Audit Commission Resolution Number 141 required the Office of the Auditor General to accumulate information on agencies' management positions along with information about managers' organizational unit, job title, and function. We were also to determine whether these managers supervise, are exempt from the Personnel Code, and are covered by a collective bargaining agreement. We collected information on management positions by reviewing data from the Department of Central Management Services (CMS) and by surveying State agencies. The 49 agencies we surveyed reported that 6,423 of 50,498 (13%) employees were management positions. We defined management positions as manager and supervisor positions, using definitions of those terms in the Illinois Public Labor Relations Act. Our survey's instructions noted that for the purposes of the survey, whether an employee is a manager or supervisor may not correspond to determinations that have been made to allow a position into a union.

- Of the 6,423 managers, 811 managers (13%) were completely exempt from the Personnel Code and 1,047 (16%) were partially exempt from the Personnel Code.
- There were 4,613 managers (72%) who were covered by a collective bargaining agreement and 1,735 (27%) who were Rutan exempt.
- There were 5,447 managers who supervised an average of 6.5 employees. That average is based on the 85 percent of managers (5,447/6,423) who supervised employees.

In analyzing survey data from agencies, we identified several issues relating to employees who were classified by their agencies as **non-managers** but had characteristics that could indicate that they were **managers**:

- Agencies identified 43 employees as non-managers who had a 4D3 exemption from the merit and fitness requirements of the Personnel Code. These exemptions are for employees who help to determine or carry out policies, and therefore should be managers.
- There were 702 employees that were identified by agencies as non-managers who were in Rutan exempt positions. Rutan exempt employees who carry out policy should be managers.
- There were 1,400 employees that were identified by agencies as non-managers who had direct supervisory authority.
- There were 907 employees in the Public Service Administrator title and 46 employees in the Senior Public Service Administrator title that were not considered managers by their agencies.

The audit contained five recommendations, including that CMS should review and revise the State's classification plan to address the issues identified in this audit.

In its response to the audit, CMS raised some issues with the survey instrument and the methodology used in the audit. **In an auditor's comment, the auditors note that prior to sending the survey instrument out to the agencies, auditors shared the instrument with CMS, asked for their input, and made changes based on CMS' suggestions.**

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

BACKGROUND

Legislative Audit Commission Resolution Number 141 directed the Auditor General to conduct an audit of management positions in the Executive Branch of State government. The resolution asked that we accumulate information from agencies on their management positions along with information about managers' organizational unit, job title, and function. It also requested information on whether these managers supervise, are exempt from the Personnel Code (Code), and are covered by a collective bargaining agreement.

We collected the information by requesting data from the Department of Central Management Services (CMS) which maintains some of this information for Code employees and by surveying State agencies. To identify potential managers to include on surveys, we reviewed just over 1,000 CMS position title descriptions and identified 254 titles as potential managers based on our review and considering management functions like involvement in developing or implementing policy and involvement in supervision of staff. Our survey asked agencies to confirm data provided for Personnel Code positions, provide some additional information for those positions, and asked for information on all managers who were exempt from the Personnel Code (non-Code).

"Manager" is an individual who is engaged predominantly in executive and management functions and is charged with the responsibility of directing the effectuation of management policies and practices.

Because manager and supervisor are closely linked, we included both in our definition of management position provided to State agencies (see inset for definitions). These definitions come from the Illinois Public Labor Relations Act. Our survey's instructions noted that for the purposes of the survey, whether an employee is a manager or supervisor may not correspond to determinations that have been made to allow a position into a union. If an employee carries out the functions in the definitions, then he/she should be considered a manager or supervisor for the survey.

"Supervisor" is an employee whose principal work is substantially different from that of his or her subordinates and who has authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, direct, reward, or discipline employees, to adjust their grievances, or to effectively recommend any of those actions, if the exercise of that authority is not of a merely routine or clerical nature, but requires the consistent use of independent judgment.

In addition, we noted to surveyed agencies that consideration should also be given to whether the employee has a 4D partial exemption from the Personnel Code or has a Rutan exemption, which suggests that they may be managers. Because of the additional items we asked agencies to consider in determining whether employees are managers for our surveys, the designations may not correspond to decisions of the Public Labor Relations Board or the courts.

Given the number of agencies that we surveyed, and the large volume of data we compiled, it was not possible to independently verify all information provided. For example, agencies answered questions about whether employees were managers, how many people they supervised, and whether those employees were supervised by someone else. We relied on the agencies' reporting of management status and reporting responsibility with verification to other sources when questions or conflicts arose. We also followed up with agencies to better understand

conflicts or complex information. Considering these data limitations, we believe that the evidence obtained provides a reasonable basis for our findings and conclusions related to the management positions in State government as described in our audit's objectives.

(pages 4 - 11)

Of a total of 50,498 employees reported by the 49 agencies we surveyed, agencies indicated that 6,423 were management positions based on our definitions.

Of a total of 50,498 employees reported by the 49 agencies we surveyed, agencies indicated that 6,423 were management positions based on our definitions. Overall these managers represented almost 13 percent of reported total employees for those agencies. For this report, employees who were identified as managers/supervisors by their agencies are referred to collectively as managers.

Of the 6,423 total management positions, **two job titles** accounted for almost 59 percent of all managers and supervisors. The two job titles were Public Service Administrator with 2,533 managers (39%) and Senior Public Service Administrator with 1,228 managers (19%). Other common titles were Executive II with 220, Human Services Casework Manager with 215, and Civil Engineer V with 206 managers.

Agencies reported that 1,858 managers were either completely or partially exempt from the Personnel Code.

Of the 6,423 managers, 811 (13%) were completely exempt from the Personnel Code.

- There were 811 managers who were completely **exempt from the Personnel Code** (for example, non-Code employees.) The largest group was from the Department of Transportation. IDOT had 557 managers who were exempt from the Personnel Code accounting for 69 percent of the non-Code managers. Non-Code employees are exempt from all jurisdictions of the Code.

Of the 6,423 managers, 1,047 (16%) were partially exempt from the Personnel Code.

- There were 1,047 managers who were **partially exempt from the Personnel Code**. The three agencies with the largest number of partial exemptions were Human Services, Corrections, and Central Management Services. All three agencies had over 100 partially exempt managers. Partially exempt employees are exempt from certain provisions of the Personnel Code.

Of the 6,423 managers, 1,735 (27%) were Rutan exempt.

Of the 6,423 managers, 1,735 (27 %) were Rutan exempt. Managers that are Rutan exempt were not required to have the Rutan interview process which uses pre-determined and uniform questions. Instead, positions with Rutan exemptions provide the director or chair of an agency more flexibility in making a hiring selection.

Digest Exhibit One on the following page breaks out, for each of the 49 Personnel Code agencies, total Code and non-Code employees, total Code and non-Code managers, and the percentage of the total that were managers or supervisors, as of March 2012.

Digest Exhibit One
CODE AND NON-CODE TOTAL AND MANAGEMENT EMPLOYEES - MARCH 2012

| <u>Agency</u> | <u>Code and Non-Code Total Employees</u> ¹ | <u>Code and Non-Code Managers</u> | <u>Percent Managers</u> |
|---|---|---------------------------------------|-----------------------------|
| Aging | 142 | 42 | 30% |
| Agriculture | 354 | 78 | 22% |
| Arts Council | 17 | 7 | 41% |
| Capital Development Board | 122 | 18 | 15% |
| Central Management Services | 1,420 | 258 | 18% |
| Children & Family Services | 2,891 | 613 | 21% |
| Civil Service Commission | 4 | 3 | 75% |
| Commerce & Economic Opportunity | 396 | 111 | 28% |
| Commerce Commission | 253 | 79 | 31% |
| Corrections | 11,408 | 621 | 5% |
| Criminal Justice Information Authority | 64 | 15 | 23% |
| Deaf & Hard Of Hearing Commission | 7 | 4 | 57% |
| Developmental Disabilities Council | 8 | 3 | 38% |
| Emergency Mgmt Agency | 237 | 56 | 24% |
| Employment Security | 1,778 | 314 | 18% |
| Environmental Protection | 857 | 148 | 17% |
| Financial & Professional Regulation | 472 | 90 | 19% |
| Gaming Board | 123 | 26 | 21% |
| Guardianship & Advocacy | 104 | 22 | 21% |
| Healthcare & Family Services | 2,134 | 428 | 20% |
| Historic Preservation | 172 | 31 | 18% |
| Human Rights Commission | 21 | 4 | 19% |
| Human Rights Department | 143 | 26 | 18% |
| Human Services | 12,907 | 1,527 | 12% |
| IL Sentencing Policy Adv Council | 2 | 2 | 100% |
| IL Torture Inquiry Relief Commission | 2 | 1 | 50% |
| Insurance | 255 | 57 | 22% |
| Investment Board | 10 | 4 | 40% |
| Juvenile Justice | 1,229 | 174 | 14% |
| Labor | 91 | 18 | 20% |
| Labor Relations Board, Educational | 11 | 4 | 36% |
| Labor Relations Board, Illinois | 17 | 2 | 12% |
| Law Enforcement Training & Stand Bd | 17 | 5 | 29% |
| Lottery | 158 | 25 | 16% |
| Military Affairs | 224 | 32 | 14% |
| Natural Resources | 1,253 | 125 | 10% |
| Pollution Control Board | 25 | 4 | 16% |
| Prisoner Review Board | 18 | 3 | 17% |
| Property Tax Appeal Board | 30 | 6 | 20% |
| Public Health | 1,090 | 252 | 23% |
| Racing Board | 48 | 8 | 17% |
| Revenue | 1,741 | 226 | 13% |
| State Fire Marshal | 141 | 23 | 16% |
| State Police (excluding sworn officers) | 1,220 | 182 | 15% |
| State Police Merit Board | 5 | 5 | 100% |
| State Retirement Systems | 95 | 21 | 22% |
| Transportation | 5,312 | 579 | 11% |
| Veterans' Affairs | 1,296 | 104 | 8% |
| Workers' Compensation Commission | 174 | 37 | 21% |
| Totals | <u>50,498</u> ¹ | <u>6,423</u> | <u>13%</u> |

Note: ¹ Total State employees in these 49 Code agencies according to CMS data and agencies' survey responses.

Source: CMS and Agency survey data summarized by OAG.

The question of whether an employee is a supervisor or a manager is complicated by the fact that so many potential managers are in a union. When employees have some duties or responsibilities that identify with managers, but because there are certain management functions they cannot carry out (such as discipline and grievances), agencies sometimes classified them as non-managers. Consequently, the State's classification system does not readily identify managers and identification must be done for each individual employee. (pages 13 - 15)

Of the 6,423 managers, 4,613 (72%) were covered by a collective bargaining agreement.

There were 4,613 managers (72%) who were **covered by a collective bargaining agreement**. Human Services had the largest number of managers in a union with 1,202 or 79 percent. **Twenty-seven agencies had a majority of their managers covered by a collective bargaining agreement.** (pages 25 - 27)

The largest agency **organizational unit or function** of the managers was the program function. There were 81 percent of managers that we classified into the program function.

Managers classified as program were involved in whatever the programmatic responsibilities were of each agency. We classified employee information on organizational unit or function that was captured in our managers' survey into seven functional areas: (1) administration, (2) fiscal, (3) information systems, (4) legal, (5) legislative affairs, (6) program, or (7) shared services. These organizational unit classifications allow for easier comparisons among agencies. (pages 16 - 17)

There were 5,447 managers who supervised an average of 6.5 employees. That average is based on the 85 percent of managers (5,447/6,423) who supervised employees.

State agencies reported that there were **5,447 managers who supervised an average of 6.5 employees** each based on surveys we received. That average is based on the 85 percent of managers (5,447/6,423) who supervised employees. The remaining 976 managers had executive or management responsibilities but agencies reported that they did not supervise.

Survey responses showed that there were **1,206 managers who supervised employees who were also supervised by other managers**. The most common reason for employees with multiple managers was that employees also reported to a higher ranking manager for issues like discipline or grievances. (page 61)

Non-Managers

There were 43 employees that were identified by agencies as non-managers who had a 4D3 exemption from the merit and fitness requirements of the Personnel Code.

There were several issues relating to employees who were classified by their agencies as non-managers but had characteristics that could indicate that they were managers.

- We identified 43 positions which agencies identified as non-managers that had a 4D3 exemption from the merit and fitness requirements of the Personnel Code. These exemptions are for

employees who have responsibilities which involve either principal administrative responsibility for the determination of policy or principal administrative responsibility for the way in which policies are carried out. (pages 31 - 32)

There were 702 employees that were identified by agencies as non-managers who were in Rutan exempt positions.

- There were 702 employees from our surveys that were in Rutan exempt positions that agencies identified as non-managers. Rutan exempt employees help agencies to carry out policies, to speak on their behalf, or to deal with confidential issues. Rutan exempt employees who carry out policy should be considered managers. Natural Resources had the most Rutan exempt non-managers with 109. (pages 35 - 36)

There were 1,400 employees that were identified by agencies as non-managers who had direct supervisory authority.

- Of employees who were identified by agencies as non-managers, there were 1,400 employees in 14 agencies who had direct supervisory authority. Supervisory responsibility is one characteristic that helps to define managers or supervisors. Corrections reported most of the non-managers who supervise with 1,088. These Corrections employees were mostly Lieutenants (537) or Sergeants (411). Corrections responded that the reason that these employees were not considered management was because they had “no managerial decision-making authority”. (pages 39 - 40)
- We identified 84 employees who had a title, a working title, or a functional title that indicated that they were in a position of authority, but their agency said that they were not a manager. For example, Natural Resources had 61 employees whose function was Site Superintendent who were classified as non-managers because the supervision they exercised was “routine in nature.” (pages 40 - 41)
- There were 907 employees in the Public Service Administrator (PSA) title and 46 in the Senior Public Service Administrator (SPSA) title who were not considered a manager by their agencies. Central Management Services (CMS) position classifications for both titles indicate that they were managers. Human Services had 128 PSAs who were non-managers and CMS had 117. CMS also had the most SPSA non-managers with 15. (pages 41 - 42)

Central Management Services should consider revising the State’s Personnel Code classification system so that issues identified in this audit can be addressed. (page 43)

Other Issues

Central Management Services has not conducted research and planning regarding the total manpower needs of all offices as required by provisions in the Personnel Code (20 ILCS 415/9(11)).

The Department of Central Management Services has not conducted research and planning regarding the total manpower needs of all offices as required by provisions in the Personnel Code (20 ILCS 415/9(11)).

Some employees who were classified as confidential employees were union members. These employees should either be non-union or should not be classified as confidential. The Public Labor Relations Act at 5 ILCS 315/3 (n) notes that confidential employees should be excluded

from being union members. Confidential employees assist management with regard to labor relations or collective bargaining issues. (pages 53 - 58)

RECOMMENDATIONS

The audit report contains five recommendations to agencies. One recommendation was addressed to Central Management Services and the Civil Service Commission related to:

- Ensuring that 4D3 exemptions to the Personnel Code are used appropriately (20 ILCS 415/4d(3)). (page 32)

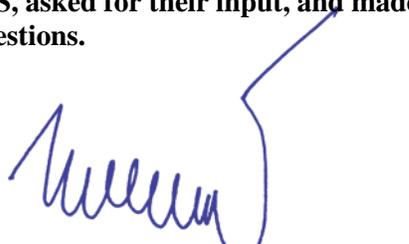
Three recommendations were addressed to Central Management Services and related to:

- Assuring that Rutan exemptions are used appropriately for positions that implement policy; (page 36)
- Reviewing and revising the State's classification system to address the issues identified in this audit; (page 43) and
- Conducting manpower research and planning as required by the Personnel Code (20 ILCS 415/9 (11)). (page 54)

The fifth recommendation was addressed to the Departments of Agriculture and Financial and Professional Regulation and the Emergency Management Agency. It related to:

- Assuring that confidential employees are not included in a union. (page 58)

Appendix G of the audit report contains the agencies' complete responses. In its response to the audit, CMS raised some issues with the survey instrument and the methodology used in the audit. **In an auditor's comment, the auditors note that prior to sending the survey instrument out to the agencies, auditors shared the instrument with CMS, asked for their input, and made changes based on CMS' suggestions.**



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AUDITORS ASSIGNED: This Management Audit was performed by the Office of the Auditor General's staff.