

Managerial Summary

City of Chesapeake
Audit Services
May 10, 2018

Departmental and Citywide Succession Planning
July 1, 2017 to December 31, 2017

A. Objectives, Scope, and Methodology

We have completed our review of Departmental and Citywide Succession Planning for July 1, 2017 to December 31, 2017. Our review was conducted for the purpose of evaluating the status of City departments and the City as a whole related to succession planning prior to the City's prospective development of a formal succession plan.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

According to the federal Veterans Health Administration Strategic Succession Plan 2013 (Overview page 1): "Succession planning focuses on building the organization's bench strength and succession pipeline to ensure continuity in key positions and encourage individual advancement. Its goal is to match the organization's existing talent to its future needs and to ensure that the lessons of organizational experience will be preserved to achieve continuous improvement in work results."

To conduct this audit, we identified staff potentially eligible for retirement under Virginia Retirement System (VRS) guidelines on both a departmental and citywide basis, practices and procedures related to those prospective retirees, and operations documents and reports, both internal and external. We reviewed succession planning audits conducted for other federal, state, and local government entities. We also interviewed every department head who had City employees, collected data from the City's MUNIS and Kronos payroll systems, and collected and reviewed job descriptions for comparison to actual work tasks indicated therein. We also obtained and analyzed data from Human Resources concerning the eligibility of City employees for reduced and unreduced retirement benefits as of July 1, 2017, and extended that information to December 31, 2017.

Major Observations and Conclusions

Based on our review, we determined the City departments and City management were well aware of potential staff losses and the need to develop staff for future City operations. However, we identified several areas of concern which, if not addressed could result in disruption of service and loss of continuity. They included succession preparation, City-based leadership training, staffing in key positions, and training reimbursement.

This report, in draft, was provided to City Management officials for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. Also, departmental summaries are included in Appendix B, and positions eligible for unreduced retirement are included in Appendix C. All the departments and management staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

B. Performance Information

As previously noted, succession planning focused on building a pipeline to ensure continuity in key positions, encouraging individual advancement, and maintaining institutional knowledge. Departments understood the work they were required to perform and how to accomplish that work utilizing existing staff capabilities or temporary service contracts. Departments and agencies adapted to personnel changes and continued to provide the required services without interruption.

As was also noted however, the City had not yet developed a formalized citywide succession plan. Therefore, items that one might reasonably expect to see included in a succession plan, such as workload indicators for key staff positions, had not yet been fully developed, quantified, or compared to actual work. Likewise, there had not been a citywide “gap analysis” to determine where staff resources could be better deployed, although many departments cited examples of resource reallocations that were performed to meet pressing needs.

1. VRS Eligibility Status

Each department had the ability to produce reports from MUNIS advising them of their staff's tenure. Human Resources conducted an annual review of employee VRS status but did not generally collect VRS time acquired from previous City employment or non-Chesapeake sources. MUNIS was not structured to include this data. Collection and verification of VRS data was labor intensive as the VRS system did not communicate with MUNIS.

2. Chesapeake Leadership University (CLU)

In 2006, the City developed a now discontinued curriculum for introducing various leadership and management skills and techniques for employees who met the below competitive application requirements. Several departments we interviewed spoke highly of the program and suggested that the City explore creating a similar program.

3. Leadership and Management Training

As previously mentioned departments consistently indicated that they saw the need for leadership and management training post Supervisory Training. Public Works; Public Utilities; and Parks, Recreation, and Tourism (Parks) had begun coordinating with Human Resources and Purchasing to acquire Citywide leadership and management training. This training was to be made available to staff throughout the City

4. Positions with over 20 years and less than 5 years City Service

Exhibit B represents the staffing of the City as of December 31, 2017 and highlights staff with more than 20 years service as well as staff with less than five. Twenty years was the point at which City staff could retire and maintain health benefits. As the exhibit indicates, there were 531 employees with more than 20 years service, with 135 of those having more than 30 years. There were also 1,767 employees with less than 5 years service. City staff received 48.4% of the City's operating budget in direct pay compensation.

C. Operational Finding

We interviewed 32 City departments to obtain their perspectives on succession planning issues throughout the City. The following finding summarizes the issues that were identified. Individual departmental responses can be found in Appendix B.

Finding – City Departments raised a number of potential issues related to the City's prospective succession planning process. These issues included succession preparation, City-based leadership training, staffing in key positions, and training reimbursement.

Recommendation – The City should incorporate the succession preparation, City-based leadership training, staffing in key positions, and training reimbursement issues identified into the succession planning process as it is being developed.

Response – We concur with the Auditor’s findings and recommendations. The need for succession planning is significant in most, if not all, City departments. Succession planning has long been a topic of serious concern in department head meetings and within individual departments. However, we agree that greater coordination of succession planning is needed on an organization-wide basis. We also agree this planning should include City-based leadership training, attention to any unique problems or concerns regarding succession in specific job classifications and training reimbursement programs.