



# Internal Audit of Workforce Planning, Career Development, and Succession Planning



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# Presentation Overview

- Background
- Testing Methodology / Procedures
- Audit Findings / Results:
  - Workforce Planning
  - Career Development
  - Succession Planning
  - Other Audit Issues
- Recommendations
- Some Potential Benefits





# Background

- As part of the Internal Audit (IA) unit's risk assessment process, a number of staff and management expressed concerns about human resources issues:
  - Knowledge retention, quality of in-house specialist expertise, hiring / recruiting / compensation, culture, and employee motivation were all identified as risk factors.
- As an expert agency, we rely on a range of specialized and generalist skills – our people are our greatest strength.
- State authorities and management literature suggest that any organization like the CPUC can benefit from workforce planning, a well-developed and supported system of employee career development, and succession planning.





# Testing Methodology

The audit examined three aspects of the CPUC's management:

- **Workforce Planning**

- Do we have an understanding of workloads and staff resources, an ability to match the two, and an understanding of where the gaps are?

- **Career Development / Hiring / Recruiting**

- Do we have a plan to hire and develop staff from entry to journey level?

- **Succession Planning**

- Do we have a process to replace critical staff / management and retain essential knowledge?





# Audit Procedures

- Internal Audit interviewed CPUC executives, as well as senior management throughout the agency.
- We reviewed documents supplied by management related to points discussed in the interviews:
  - This included a number of forms, analyses, templates, and other materials developed by individual divisions.
- We reviewed a listing of all job actions (new hires and promotions) from 2014 supplied by HR.
- We reviewed a sample of employee evaluation forms (Probation, ADP or IDP) from 2008 to 2015 to determine the extent of documented career development that was conducted.





# Workforce Planning Concepts

- Starts with a strategic plan or direction:
  - Includes desired objectives, including changes or new directions.
- Forecast of available workforce (supply):
  - Identify the capacity to perform work based on staff numbers, mix, capabilities.
- Forecast of needed workforce (demand):
  - Anticipated workloads and staff productivity levels determine numbers and types of staff who will be needed.
- Gap analysis and action plan:
  - Identify strategies to fill gaps between the workforce expected to be on hand, and that needed to perform the work.





# Workforce Planning Findings

- There is no workforce planning being conducted on a CPUC-wide basis:
  - Neither the Executive Division nor HR is currently responsible for conducting centralized planning or cross-divisional efforts of this kind.
- Within divisions, we found *elements* of workforce planning being performed:
  - Some notable examples: ALJ tracks caseloads and conducts time tracking of judges, PPD publishes an annual workplan, Energy utilizes a work tracking process (NeWT)
- Many divisions or units cite the reactive nature of their work in expressing the difficulty of workforce planning:
  - Legal, ALJ, and PIO all note that many of their assignments are sourced from outside the CPUC and are very difficult to predict.





# Career Development Concepts

- Recruit / train / encourage / develop employees to:
  - Meet the immediate requirements of their current role or responsibilities;
  - Progress over a longer-term career, potentially including a variety of divisions, roles, levels of responsibility, needed capabilities, subject matters etc.
- Has many potential implications for recruiting and hiring, training, assessment, design of employee positions / duties, career guidance, agency attractiveness to potential candidates, etc.





# Career Development Findings

- There does not appear to be any agency-wide career development currently being conducted:
  - HR has resources available, but division management is expected to take the lead and request assistance.
- Divisions have addressed career development in a variety of ways. For the most part, there is little documentation or formal structure:
  - Examples: CD employs a set of onboarding checklists, ORA offers technical training and tracks ADP compliance, CSID arranges training for staff with in-house technical experts, ALJ performs a boot camp for new judges, Energy reviews their organization chart on a weekly basis and shifts staff within the division to help them gain broad technical experience.
- Many divisions look to HR for guidance for training and development, and make use of common training resources (such as Lynda.com).





## Career Development Findings (2)

- IA conducted a review of HR's record of employee feedback forms (Probation, IDP, or the new ADP forms):
  - Forms were reviewed for employees who began working for the CPUC from 2008 to present (respecting HR confidentiality requirements).
  - We took a stratified random sample of 60 employees spread among nearly every unit to determine if forms had been completed, and if there was any documentation of employee development or career planning (two distinct activities).
- We found that most employees had at least one form on file.
- Those files with an IDP or ADP usually had some documentation or discussion of *employee development*, i.e. short-term needs for one's current position.
- Very few forms had any discussion of any forward-looking *career planning* for staff, i.e. longer-term goals and competencies needed to achieve them.





# Succession Planning Concepts

- Plan for, and facilitate the natural progression of employees through various roles in the organization:
  - Helping employees prepare for increased responsibilities helps the organization meet its needs for higher-level capabilities and leadership;
  - Critical organizational functions can suffer if successors are not developed to fill the shoes of specialized staff who might leave, retire, earn promotions etc.;
  - Important knowledge – tangible and tacit – can be lost if not transferred effectively when employees depart.





# Succession Planning Findings

- There is no succession planning being conducted on a CPUC-wide basis:
  - Neither the Executive Division nor HR is currently responsible for conducting any centralized future planning, or knowledge transfer work.
- Within divisions, we found few efforts being made to support succession planning:
  - Most divisions had some form of informal knowledge transfer process for imminent retirees.
  - Many managers cited concerns about “playing favorites” in identifying successors.
  - Energy Division encourages long vacations for senior management to allow junior staff experience (in acting roles) in taking on more responsibility.





## Other Audit Issues

- By policy, most higher-level staff positions are posted as open to outside candidates. This causes added work for HR and hiring managers, and does not appear to result in many outside hires (the stated purpose for the policy):
  - Recommendation: Review the current benefits and impacts of the policy, and make appropriate modifications (e.g. in frequency of use of open postings, hiring and promotional procedures, position-specific approaches, etc.).
- There appears to be a gap in performance evaluations for people who receive frequent promotions, or for those on probation:
  - Recommendation: Rectify this gap in the course of creating a process by which all employees regularly receive development and career planning advice.
- There is an incorrect perception (among many) that succession planning is against state personnel rules:
  - Recommendation: Provide authoritative information to managers about permissible approaches.





# Audit Recommendations (1)

- Important functions such as the ones identified in this audit should be developed on an agency-wide basis:
  - A senior level human resources executive with the authority and mandate to implement agency-wide changes (and with some staff support) would be required to lead the effort.
- Agency-wide collaboration and sharing of best practices could create significant progress:
  - Build on what already works in our environment, but CPUC-wide rather than just within individual divisions – e.g. Energy wants to develop an onboarding checklist, Communications has developed multiple forms, ALJ has a comprehensive approach to some items, etc.
- Currently available tools (such as ETS) can be better utilized to help management define workload benchmarks.
  - If a consistent set of work codes are used, the CPUC can determine the time and resources needed for complex, cross-divisional tasks.
  - Measures of the agency's capacity to do work are needed, including for bread-and-butter functions (e.g. formal proceedings).





## Audit Recommendations (2)

- Develop career path guidelines and models to assist employees in common classes (PURAs, etc.) to obtain necessary skills to assist their career development and Commission needs.
- Develop and deploy a standardized onboarding process for all new employees.
- Analyze and make improvements to the hiring process, particularly for timeliness.
- Develop and implement a succession planning process to promote employee leadership and managerial skills, continuity in essential agency functions, and knowledge transfer.





## Some Potential Benefits

- Effective methods for forecasting workloads and the capacity to fulfill them can aid in managing discretionary activities, allocating resources to priorities, identifying needed augmentations in advance to help avoid bottlenecks, and justifying resource needs to the Administration and the Legislature.
- Agency-wide systems of employee development and career planning can help better develop needed employee competencies, promote employee satisfaction and engagement, and potentially make the CPUC a more attractive place to work.
- Succession planning can further develop employee competencies for management and leadership, reduce organizational risks of unanticipated losses of personnel in key roles, and improve organized access to retained knowledge as baby boomers retire.
- A higher-profile, evidently professional approach to these activities can benefit the agency's reputation.





**Thank you!**  
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