



Memorandum

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FROM: Bill Greene, City Auditor

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DATE: February 15, 2022

SUBJECT: WORKFORCE PLANNING CONSULTING REVIEW

Purpose

The Internal Audit Office (IAO) conducted a consulting review to identify if:

- City of Tempe (City) departments have Workforce Plans. We defined a workforce plan as activities, policies, or procedures that help ensure City services are uninterrupted when key positions are vacated due to voluntary separation from employment (e.g., retirement, promotion, or transfer);
- Other local governments have implemented formal workforce plans or related tools that the City could use as potential resources;
- Research has yielded recommended workforce planning practices that could be considered by the City.

Background

According to internet research, workforce planning is not succession planning. Workforce planning develops a pool of people to compete for key positions. By contrast, succession planning predetermines a specific person to fill a vacated position.

Comprehensive workforce planning should not only focus on filling key positions, but also address recruitment, retention, and knowledge transfer strategies. The Human Resources Department, Employee Development Division recently developed a citywide Individual Quality Improvement Program (IQIP). This program helps direct employees to develop competencies, skills and abilities needed to complete current job duties and address future needs. Our review focused specifically on department activities, policies, or procedures for ensuring continued

service when key positions are vacated. We did not evaluate recruitment and retention practices or the Employee Development/IQIP program.

Scope and Methods

The objective of this consulting engagement was to provide information as described in the purpose statement above. The work performed does not constitute an audit in accordance with *Government Auditing Standards*.

To achieve our stated purpose, we conducted the following steps:

- Conducted a survey of internal City departments and outside local municipalities regarding their efforts in workforce planning. If available, we requested documentation of their workforce planning tools.
- Surveyed all City Departments and conducted follow-up interviews with some to gain a better understanding of their status in workforce planning tools and efforts.
- Performed internet research to identify recommended practices and guidance on developing organizational workforce plans.

Results

A citywide workforce planning initiative would promote a consistent approach for departments to help ensure City services are uninterrupted when key positions are vacated. Current practices employed by individual departments could be shared and implemented more widely.

The City does not have a centralized, formal workforce planning initiative. To determine the types of decentralized workforce planning documents and activities being used, we surveyed 16 City departments and functions. Our initial survey included the following questions:

1. Do you have workforce plan documentation?
2. Do you have a workforce planning team?
3. If you have a workforce plan, do you evaluate and monitor on a regular basis?

Of the 16 departments/functions surveyed, 6 responded that they had a workforce plan and 1 had a workforce planning team. No departments indicated that their planning efforts included evaluation or monitoring components.

We conducted follow-up interviews with department management who indicated they either have, or are in the process, of identifying key positions within their departments. During interviews, management described a range of methods employed to capture and transfer employee knowledge. The following were most frequently cited:

- One-on-one incumbent interviews
- Documentation of job tasks and workflow analyses with name(s) assigned and links to supporting written policies and procedures
- Templates used for primary job duties
- City Sponsored Training (e.g., academies, online training)
- Job shadowing
- Observation of work processes
- Acting assignments for key positions

- Peer-to-peer sharing
- Mentoring

Most other local cities surveyed either did not have a workforce plan or were in the very early stages of developing a workforce plan. The City of Phoenix has a formal workforce planning guide which may provide some useful tools for the City of Tempe.

We surveyed 11 local municipalities (See Appendix A) and asked the same questions posed to the City departments:

1. Do you have workforce plan documentation?
2. Do you have a workforce planning team?
3. If you have a workforce plan, do you evaluate and monitor on a regular basis?

Based on responses, most cities either do not have a formal workforce plan or were in the very early stages of developing a workforce plan.

The City of Phoenix is one jurisdiction that has created a citywide workforce planning initiative. Their plan highlights the importance of commitment from senior management in the organization to ensure this effort is championed in such a way that it does not get “tabled and gather dust.” Suggestions for staff who would be valuable on the team because of their unique roles included:

- Department, Division or Section Heads
- Human Resources Liaisons
- Training Liaison
- Department Recruiters
- Administrative Staff
- Information Technology Representative

The diversity of suggested team members in Phoenix’s plan demonstrates the importance of partnering within and across City departments on workforce planning efforts. Responsibilities are shared across the organization and coordinated by the Human Resources Department.

The City of Phoenix provided us a document called Workforce Planning Basic Guide for City of Phoenix Departments which included the following four phases and steps in the model, detailed guidance, and supporting templates:

Phase Description	Steps
Preparation	<ol style="list-style-type: none"> 1. Obtain commitment from management 2. Develop a Workforce Planning Team (WPT) 3. Alignment with the department strategic plan
Analysis	<ol style="list-style-type: none"> 1. Gather important data 2. Forecast the future 3. Analyze workforce 4. Identify gaps
Action	<ol style="list-style-type: none"> 1. Gather preliminary Information 2. Develop an action plan – immediate, short term and long term 3. Communicate the plan
Evaluation	<ol style="list-style-type: none"> 1. Monitor 2. Evaluate 3. Revise

We did not identify any authoritative best practices or specific workforce planning tools through our Internet research. However, we located general information and a consensus that it is critical to develop a workforce plan given the demographics of the current workplace (i.e., many employees are currently eligible or will be eligible to retire in the near future).

We performed an internet search for workforce planning information that the City of Tempe could use as a reference point for workforce planning efforts. In general, articles underscored the importance of workforce planning, but did not provide authoritative criteria or specific guidance on plan implementation. We also requested the Human Resources Director to contact related professional organizations (e.g., Society of Human Resources Management) to obtain articles on workforce planning. The SHRA has published articles highlighting the importance of workforce planning, how to improve it, and the discipline necessary to practice. This is helpful general information to consider when developing a plan.

Additionally, the Human Resources Director provided us a copy of the Washoe County, Nevada Workforce Development Planning Guide April 2005 which included general information such as United States workforce trends and why workforce planning is important to managers. The guide also included more specific information including a Workforce Planning Model and information regarding retirement projects, retirement by department – current and projected, turnover, most populous job classes to name a few. This information would be useful as the City of Tempe considers what data to track to assist with their workforce planning efforts.

During discussion with a City department, we learned about a conference training session entitled Succession Planning in Local Government on the Impact on Employee's Organizational Commitment. The training instructor wrote his doctorate dissertation entitled "A Study of Local Government Succession Planning and The Relationship Between Authentic Leadership and Organizational Commitment". The dissertation mentioned the "Silver Tsunami" which refers to numerous retiring employees resulting in a dramatic impact on the level of services provided if the organization is not adequately prepared. Most government organizations face this reality as baby boomers exit the workforce.

The City does not currently estimate or report potential retirements to departments in conjunction with workforce demographic data. City employee information would be required from the Arizona State Retirement System to enable a projection of employees nearing retirement eligibility. A report showing positions eligible for upcoming retirement may help support targeted workforce planning efforts.

The Tempe Police (TPD) and Tempe Fire and Medical Rescue Departments (TFMRD) generally have better data available to help project upcoming sworn employee retirements because their respective employees participate in the Public Safety Personnel Retirement System (PSPRS). PSPRS enrollees have to ability to elect the Deferred Retirement Option Plan (DROP). Once an employee elects to enter the DROP program, they can only continue to work a maximum of 5 years. TPD and TFMRD are notified when employees enter DROP; therefore, they know which employees will retire within 5 years. Both TPD and TFMRD management use this information to help determine training and upcoming recruitment needs.

Recommendations

1. City Management consider development of a citywide workforce planning model. Additional resources and the identification and coordination of a “program champion” in partnership City departments would likely be required for successful development and implementation.

Appendix A

Other Local Municipalities Surveyed
Chandler
Scottsdale
Glendale
Phoenix
Mesa
Gilbert
Peoria
Tucson
Flagstaff
Surprise
Queen Creek