MEMORANDUM

TO: Michael R. Shriner  
Vice President, Business Operations & Facilities

FROM: Kimberly K. Hagara, CPA, CIA, CISA, CRM  
Associate Vice President, Audit Services

DATE: May 31, 2013

SUBJECT: Business Operations & Facilities (BOF) Workforce Management  
Audit Control Number 2013-009

Attached is the final audit report regarding the BOF Workforce Management. This audit will be presented at the next Institutional Audit Committee meeting.

Additionally, please find attached Audit Services audit recommendation follow up policy. Each of the recommendations is classified by type at the end of its identifying number: Significant (S), Risk Mitigation (R), or Process Improvement (P). As you will note in the policy, the classification of the recommendation determines the frequency of our follow up. All follow up results are reported quarterly to the Institutional Audit Committee.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit or the follow-up process, please feel free to contact me at (409) 747-3277.

Attachments

c: William R. Elger  
Carlos R. Escobar
Audit Report

Business Operations & Facilities (BOF) Workforce Management

Audit Control Number 2013-009

May 2013
Business Operations and Facilities (BOF) Workforce Management
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Background
In its strategic vision publication, The Road Ahead – Institutional Vision 2013-2015, the University of Texas Medical Branch (UTMB Health) presents an institution-wide roadmap for the future with the goal of positioning UTMB Health to effectively operate in the ever-changing academic healthcare environment. The Road Ahead articulates eight “pillars” that serve as the foundation for success, the first of which is “People – Our number one asset”.

Similar to many other business sectors, healthcare is experiencing a growing demand for its services, while facing shortages in its workforce resulting from an aging workforce and fewer skilled workers to replace them. This challenging environment impacts not only direct patient care areas, but also areas supporting an organization’s operations. In addition to these industry challenges, with several major facility projects including construction of the new Jennie Sealy Hospital and expansion of the Victory Lakes campus, UTMB Health must develop and implement strategies to ensure it has a sufficient number of qualified individuals supporting its operations.

Business Operations and Facilities (BOF) is an integrated institutional support department comprised of more than 300 employees in the following service areas:

- Auxiliary Enterprises
- Environmental Health & Safety
- Facilities Design & Construction
- Facilities Portfolio Management
- Facilities Risk Management
- Property Services
- Supply Chain Management
- Utilities

The BOF workforce is highly diverse with required skill sets ranging from office management and procurement specialists to biological and chemical safety technicians and preventive maintenance technicians. Maintaining and projecting the optimal blend of skill sets needed to support UTMB Health and its strategic growth represents a significant challenge for BOF leadership.

Audit Objective
The primary objective of this review is to assess established workforce planning processes ensure sufficient, qualified staff are recruited, developed, and retained to meet the needs of the institution’s strategic growth during the next four years.

Scope of Work and Methodology
The scope of work included current operations and our methodology included interviews of key personnel, review of relevant supporting documentation, and workforce data analysis. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.
Audit Results

Workforce Strategic Planning Process
Projecting and implementing an effective workforce plan requires the consideration of many factors including an analysis of existing employee skill sets and experience compared with desired skill sets and experience; the ability to identify leadership potential and provide opportunities to develop that potential through internal and external training/mentoring programs; staffing levels to respond to increased service demands; and, current/future turnover rates including retirement. Overstaffing increases labor costs while understaffing may impact quality of care or service.

Audit Services interviewed eleven members of Business Operations and Facilities’ senior leadership team to gain an understanding of the processes currently used to ensure sufficient, qualified staff are recruited, developed, and retained to support future institutional growth. While all individuals interviewed are in various stages of planning for future staffing needs, BOF lacks a standardized personnel planning framework. Planning approaches, use of benchmarking, training plans, career development paths, and maintenance of personnel planning supporting documentation varied widely among the various divisions. The lack of standardization appears to have contributed to significant variability among the staffing plans documented and available at the time of our review, i.e., some plans were very detailed and supported by internal and external industry data, while others contained substantially less information and/or supporting documentation.

During fiscal year (FY) 2012, UTMB Health’s Human Resources (HR) department rolled out People Planning and Succession Planning Assessment tools to BOF to help identify and assess the developmental needs of employees, including potential internal candidates for future leadership positions. While completed forms for several positions were returned to department HR consultants in early FY 2013, not all positions were assessed.

Recommendation 2013-009-01-R:
The Vice President, Business Operations and Facilities, with the assistance of Human Resources, should develop and implement a standardized workforce planning framework, including expected level of supporting documentation to facilitate a more comprehensive BOF workforce strategic planning process across the organization.

Management’s Response:
BOF management has reviewed and concurs with this recommendation. Active plans for the development of a standardization of workforce planning framework are already underway.

Implementation Date: September, 2013
Workforce Data Analysis and Reporting
The BOF Director of Finance and Budgets provides monthly reports to leadership which include a Facilities Rolling Full Time Equivalent (FTE Analysis), Vacancy Details Reports, and BOF Strength Reports. Audit Services inquiries of leadership on their use of these reports indicated limited use in the areas of current budget and staffing verification and for service center planning and projections. Several members of the leadership team expressed a need for more simplified monthly reports, as well as, additional information such as identifying individuals who are in the retirement range, to help support their planning efforts.

Recommendation 2013-009-02-P:
The Vice President, Business Operations and Facilities, working with the BOF Director of Finance and Budgets and the other BOF leaders should identify data analysis and reporting needs that would better facilitate the workforce planning process. Once identified, the Vice President should ensure those needs are addressed through either internal or external sources.

Management’s Response:
BOF management has reviewed and concurs with this recommendation. Active plans for the development of data analysis and reporting needs are already underway.

Implementation Date: September, 2013

Texas Teacher Retirement System Impact on Staffing
The majority of BOF employees participate in the Teacher Retirement System of Texas (TRS). Current TRS retirement guidelines include a "Rule of 80", under which a member qualifies for an unreduced standard retirement annuity when their age plus years of service equals 80. Using the “Rule of 80” as a basis, Audit Services analysis of 351 active employees indicates there are approximately 99 employees who could choose to retire during the next 3-5 years, 28% of whom serve in critical roles such as construction managers, maintenance service managers, and plumbing, mechanical, electrical, heating/venting/air conditioning (HVAC), structural, instrumentation/electronics, and refrigeration technicians.

Fifty three BOF employees retired during the period 2010 to 2012, with two individuals returning to work at UTMB Health after retirement. On average, UTMB Health employees meeting the Rule of 80 retire within four years of meeting the rule. Audit Services review of recent BOF retirees indicates 43 of the 53 retirees met the rule of 80, with seven (16%) retiring upon eligibility while 36 (84%) stayed past the rule of 80. For the 10 employees who retired without meeting the rule of 80, Audit Services was unable to determine the factors contributing to their early retirement.

Conclusion
Audit Services conducted a review of Business and Facilities Management’s efforts to ensure sufficient, qualified staff are recruited, developed, and retained to meet the needs of the institution’s strategic growth during the next four years. Although various planning activities have been completed, BOF currently lacks a standardized framework that will comprehensively address its strategic workforce risks. Opportunities to enhance current processes include the
development and implementation of a consistent framework for projecting future staffing needs and providing sufficient data to support the decision-making process.

We greatly appreciate the assistance provided by BOF staff and hope that the information presented in our report is beneficial.

Kimberly K. Hagara, CPA, CIA, CISA
Associate Vice President, Audit Services

Barbara L. Winburn, RHIA, CIA, CRMA
Senior Audit Services Manager