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Human Resources Compliance Audit and Personnel Policy Review

**CITY OF HOLYOKE,
MASSACHUSETTS**

EDWARD J. COLLINS, JR. CENTER FOR PUBLIC MANAGEMENT

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INTRODUCTION

The Edward J. Collins, Jr. Center for Public Management in the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts Boston (Center) conducted a human resources compliance audit and personnel policy review for the City of Holyoke (City), the results of which are contained in this report.

SCOPE, OBJECTIVES, AND METHODOLOGY

The project team conducted a human resources audit and management analysis of the City's existing human resource operations, service levels, organizational structure, and staffing levels. The analysis included all aspects of the Personnel Office¹ and human resources functions, with particular attention to:

- Organizational structure, duties, and responsibilities of the Personnel Office, and the role staff in City departments play in human resource matters;
- Effectiveness of staffing levels, including staff assignments, workload, effectiveness of service levels, and service delivery;
- Compliance with local, state and federal rules, regulations, and laws;
- The existence of personnel policies and the recommendation of a comprehensive set of policies for the City to adopt; and
- Benchmarks and other objective indicators of human resources operations and policies.

The methodology the project team took in meeting this scope included:

- Developing an understanding of the key issues affecting the human resource functions of the City. The Center conducted interviews with the Personnel Administrator, the Personnel Assistant, and many City Officials, including department heads and representatives from City entities that have varying relationships with the City with respect to human resources, such as Holyoke Gas & Electric and the Holyoke Retirement Board. Interviews focused on how human resources work is performed in the City and by whom, and the interaction between the Personnel Office and other departments in dealing with human resource matters.
- Evaluating the staffing, organization structure, and service levels in the Personnel Department. The evaluation included interviews with staff to develop an understanding of the current service delivery model, evaluation of the adequacy of current service levels, work practices, productivity and staffing levels, and the plan of organization.
- Reviewing personnel policies. The City ordinances, adopted policies, collective bargaining agreements, departmental rules and regulations, and formal and

¹ The words "Office" and "Department" are used interchangeably throughout this report.

informal practices were studied to assess the current policies and make recommendations for deletions, revisions, and the creation of new policies.

The objective of the human resources compliance audit and personnel policy review was to identify opportunities for improvement in the City's human resource policies and operational and organizational practices for enhancing the quality of its services and ensuring the City's compliance with local, state, and federal laws and regulations.

OVERVIEW

An organizational and management analysis by its nature focuses on opportunities for improvement. However, recognizing the existing strengths of the Personnel Office is important. Examples of these strengths are given below. These strengths provide a sound basis for the necessary improvements.

- The City ordinance regarding the authority of the Personnel Administrator and department does not need to be changed. The ordinance needs to be followed more closely and, with the implementation and application of recommendations contained herein, the Personnel Office will be able to deliver the services the City needs.
- The staff of the Personnel Office gets high marks from departments and employees with respect to willingness to assist with any personnel matter.
- The Personnel Office is responsible for health benefit enrollments for over 770 employees, as well as all non-teacher retirees, numbering more than 900.
- The Personnel Office is always willing to assist in all aspects of the hiring process and other key human resources functions impacting City departments.

Despite the strengths, the opportunity for improvement going forward is significant. The volume of work and increased responsibility and compliance efforts have caused not only an overload, but also a dangerous overload of work on the Personnel Office. Because of the overload, many personnel functions have been delegated to the departments and outlying entities, causing a decentralization of much of the critical responsibilities of the Personnel Office. Additionally, because of lack of resources, many critical personnel functions are not being performed or addressed.

The mantra in local government has been to “do more with less” for some time now. While this may be possible when there have been new technologies and the streamlining of processes, it does not mean the required work of the department can be ignored. With these considerations in mind, the project team has made recommendations to enhance the operations of the City's human resources functions.

SUMMARY OF MAJOR FINDINGS

Staffing. The most significant finding of the Center review is the lack of staff responsible for human resources for the City. The Department is understaffed. It is recommended that the appropriate staffing be an Administrator, a Benefits Coordinator, a Human Resource Generalist, and a Records Clerk.

Human Resources Audit. The Center conducted an audit of numerous of basic human resource functions and responsibilities. Specific findings and recommendations are contained within this report.

Record Keeping. Throughout the audit, the Center found the decentralization of human resource functions and records. It is critical that the City centralize all personnel records to ensure uniformity and compliance with state and federal laws.

Personnel Policy Manual. The Center recommends the creation of a Personnel Policy Manual to be promulgated by the Mayor. The Policy Manual should be distributed to all employees upon hire and distributed to all existing employees. A set of recommended policies is provided under separate cover.

The Center recommends removing the personnel policies from the City ordinances and instead refer to the Personnel Policy Manual as promulgated by the Mayor. The Personnel Administrator should be responsible for the application and interpretation of the Personnel Policy Manual as detailed in the City Ordinance and as delegated by the Mayor.

Insurance Review. The Center recommends the City engage the services of a Fee for Service Insurance Advisor, or request an analysis of all insurances by a company that will evaluate the City's insurance products as a whole, which may reduce cost and certainly increase efficiency. It is recommended Workers Compensation and Injured on Duty administration and an Employee Assistance Program be included in the insurance analysis.

Clarification of Organizational Structure & Authority. The Center recommends the City make clear the lines of authority and responsibility within the organization. The relationships, both formal and informal, among and between its departments, organizations, commissions, authorities, and entities are not clear, making it difficult to know who is responsible for what. It is recommended that the inherent power of the Personnel Department, and specifically the Personnel Administrator, be reinforced. Departments and agencies need to work together to form a more cohesive group.

STAFFING.

The City Ordinance Section 2-312, the Duties of the Personnel Administrator, clearly defines the responsibilities of the personnel administrator, and Section 2-213 defines the authority of the Personnel Administrator with respect to other departments.

Sec. 2-312. Duties of personnel administrator.

(a) It shall be the duty of the personnel administrator to be responsible for providing guidance on human resource policy development and implementation, staff orientation, maintenance of the job evaluation program, coordination of labor relations issues and maintenance of personnel records.

(b) Responsibilities include the following:

- (1) Approve job descriptions and maintain the job evaluation system.*
- (2) Analyze salary structure and recommend changes.*
- (3) Approve personnel change of status recommended by department heads, including hires, transfers, promotions, demotions and discharges.*
- (4) Coordinate the hiring process.*
- (5) Establish an employment application, reference referral and search process.*
- (6) Establish an internal job posting process and application process.*
- (7) Establish and maintain an orientation process for all new employees, ensuring that all benefit and tax forms are completed.*
- (8) Establish personnel records for all city employees.*
- (9) Ensure that the city is in compliance with government regulations, such as affirmative action and the Fair Labor Standards Act.*
- (10) Coordinate all benefits such as medical insurance, vacation and sick leave policy, retirement benefits, etc.*
- (11) Ensure that employees are informed about any benefit changes.*
- (12) Serve as primary liaison with insurance carriers and seek alternative bids when appropriate.*
- (13) Establish a disciplinary procedure for employees not covered by collective bargaining agreements.*
- (14) Establish a formal grievance process.*
- (15) Counsel employees individually or in groups regarding personnel issues.*
- (16) Oversee any employee training programs.*
- (17) Assist with labor negotiation strategies, and obtain comparative salary/benefit information.*
- (18) Recommend personnel policy changes.*
- (19) Prepare a personnel handbook.*
- (20) Represent city on personnel issues as appropriate.*

(c) The administrator shall function at the department head level and report administratively to the mayor.

Sec. 2-313. Authority of personnel administrator to require information from departments.

The personnel administrator shall have the power and authority to call upon the head of any department or member thereof to furnish information essential to the proper operation of all functions under this division.

In the past, the staffing level in the Personnel/Compliance Department was four employees and later three employees. Currently, the Personnel Department has a staff of only two full time employees, the Personnel Administrator and the Personnel Assistant. The Personnel Office provides services for approximately 550 current employees. For group health insurance, it serves approximately 900 retirees, as well as spouses and dependents, for a total population of more than 1,670. What the department accomplishes appears to be done satisfactorily, particularly the day-to-day benefit administration. Of concern is what is not being done. The current staffing of the Personnel Office is not sufficient to perform all the functions required by law and by generally accepted current human resources standards.

The decentralization of duties and authority to other departments may have been done as a way to save money in the short term, but has led to the inconsistent application of policies, undermined the authority of the Personnel Office and has increased liability for the City.

Responsibilities of the Personnel Office include, for example, recruitment and selection, record retention, benefit administration, and compliance with COBRA and the Family and Medical Leave Act. Some of this work has been shifted in whole or in part to other departments, particularly the Department of Public Works, the Police Department, and the Fire Department. Consequently, the Personnel Office now has little information about certain personnel matters and/or employees and cannot certify that the City complies with applicable state and federal regulations and laws.

While the downsizing of the Personnel Office may have saved salary dollars in the short term, it has increased the inefficiency of operations, shifted the cost, and increased liability for the City. In recent years, the practice of human resources management has experienced tremendous increases in regulations. Federal and State requirements have increased as has the workload and responsibility for human resource professionals. New regulations and requirements in recent years include:

- expanded Family & Medical Leave Act benefits and requirements;
- increased COBRA requirements;
- increased requirements for compliance with the Affordable Care Act;
- new requirements for dependent verification for benefits;
- changes in employment laws regarding criminal backgrounds and employment application processes;
- changes in personnel record laws; and
- transfer of Civil Service responsibilities from the State to the City.

The above new and increased responsibilities are in addition to the requirements dictated by the City ordinance. Other responsibilities of the Personnel Office include on-the-job injury reporting, leave administration, employee and certain labor relations, extensive compliance

reporting for the Government Accounting Standards Board (GASB), other post-employment benefits (OPEB), unemployment compensation administration, training activities, equal opportunity, and compliance with the Americans with Disabilities Act.

Despite the efforts of the Personnel Office, benefit administration is unsatisfactory. While employees and retirees are served well with respect to enrollment, larger aspects of benefit administration are not adequately being addressed. The City is out of compliance with COBRA notification requirements, eligibility audits, and the documentation of qualifying events. Furthermore, benefit enrollment and management have been decentralized, which exposes the City to errors and potential non-compliance. Without having centralized administration and oversight, inconsistencies occur and policies, if in place at all, are applied differently, which is a cause for concern, particularly in a unionized environment. The City should have a unified, consistent approach to personnel matters, which is best done by centralized administration. At this time, by not having functions centralized, it is extremely difficult to monitor efficiencies, performance, progress, and costs.

Of note, however, is the number of staff assigned to personnel functions in other departments. The School Department provides services for approximately 1,440 employees and has approximately seven employees performing various personnel responsibilities. Holyoke Gas and Electric has one employee performing personnel duties and another who is performing personnel and payroll duties for approximately 145 employees. The City Personnel Office provides services for over 550 active employees and benefit services for over 900 retirees with only two employees. The Center did not evaluate the staffing and specific other duties of other City departments, and the number of staff assigned to personnel related functions in those departments are illustrative for comparison purposes.

The City’s Personnel Office does not have adequate staff for the scope and volume of work required. The following chart provided by the City illustrates the staffing levels of the major entities within Holyoke.

ENTITY SERVED	# OF PEOPLE SERVED	# OF STAFF ASSIGNED
Holyoke Public Schools HR Department	1,440	7
Holyoke Gas & Electric	145	1 - 2
City Personnel Department	1,675	2

In surrounding municipalities, the number of staff assigned to personnel functions varies. The following chart reflects the results of a brief survey of other municipalities conducted by the Center.

CITY	# OF PEOPLE SERVED	# OF STAFF ASSIGNED	RATIO OF STAFF TO PEOPLE SERVED	STAFF COMPOSITION
Holyoke	1,675	2	1:837	Personnel Administrator Personnel Assistant
Westfield	3,375	6.5	1:519	Director- Assistant Director (2) Benefits Coordinators (2) Administrative Assistants PT Administrative Assistant
Northampton	1,950	4	1:487	HR Director Benefits Specialist Employment Specialist HR Assistant
Chicopee	3,000	4	1:750	Director Benefits Coordinator (2) Administrative Assistant
West Springfield	1,250	3	1:416	HR Director Asst. HR Administrator HR Assistant (share in benefits)

Not all personnel departments are the same and not all administer personnel policies, employee benefits, and retiree benefits in the same manner. However, as the chart above details, Holyoke has the largest ratio of people served to the staff assigned. The above merely illustrates base comparable information.

Based on the work being performed, the work not being performed and the volume of work of the Personnel Office, the Center recommends the Personnel Office staffing be as follows:

- Personnel Administrator;
- Benefits Coordinator;
- Human Resources Generalist; and
- Records Clerk.

The Center believes the cost of adding two positions will be recouped by efficiencies gained elsewhere. In Fiscal Year 2013, the City spent approximately \$17.5 million in group medical, dental, and life insurance benefits, and more than \$1 million in Workers Compensation and Injured on Duty programs, but does not have a full time person dedicated to the administration of these expenditures and programs. The City pays a third party administrator \$48,000 per year for claims administration.

The City has not complied with Chapter 69 of the Acts of 2011 that requires an audit and verification of all dependents receiving health insurance benefits. It has not complied with the Affordable Care Act, which has requirements similar to, but not the same as the Massachusetts

Healthcare Reform and Connector requirements. The liability for non-compliance with federal and state regulations far exceeds the cost of adding the necessary staff to perform the required work.

Reorganization & Immediate Position

The Center is aware that discussions have occurred regarding the reorganization or integration of personnel functions between the City, the Holyoke Public Schools, and Holyoke Gas & Electric. In order to consider a reorganization or integration of services, it is recommended that the City first address the deficits it currently faces. Without centralizing administration to the Personnel Office first, attempting to integrate will be inefficient and ineffective.

If the City plans to immediately pursue reorganization or integration of personnel functions with the School Department and/or Holyoke Gas and Electric, it may be possible to delay the increase of staffing in the Personnel department to four if resources from other departments or entities were reallocated to the Personnel Office. In this case, the assumption is that a reorganization could provide the necessary clerical support, or the City could reallocate resources from one department with excess staffing to the Personnel office. However, regardless of any reorganization the addition of a Benefits Coordinator is vital at this time.

HUMAN RESOURCES AUDIT

The Center reviewed current human resources procedures and practices. The human resource responsibilities were grouped into three categories: Pre-employment, Current Employment, and Post Employment.

Pre-employment

The practices and procedures followed before a person is hired are often more important than those followed after that person becomes an employee. Hiring the best people for the positions available is one of the most important decisions affecting the City. Mistakes made in hiring can be extremely costly. Establishing and adhering to standardized hiring practices across all departments is critical to not only ensuring the City has an open and fair employment process, but in avoiding liability.

Position Acquisition Form. All departments, regardless of appointing authority, must follow a uniform practice for filling vacancies. The audit revealed there is no such uniform practice and, in fact, at times the Personnel Office finds out about new employees after the fact. The Personnel Office does have a Personnel Acquisition Form. However, it is not universally utilized. It is recommended the City adopt a policy requiring all departments to use the form when filling a vacancy. Citywide use of the form would ensure all relevant departments are involved and informed about the filling of a vacancy and that the funding, salary, benefits,

duties, and other factors of the position are discussed prior to any advertising. The form could be paper or electronic and would serve as a checklist of steps to be followed for each vacancy.

Personnel Action Form. Similarly, it is recommended that the City adopt a uniform “Personnel Action Form” that should be used for any and all personnel actions such as pay increases, leaves of absence, termination, Workers Compensation, promotions, and other personnel transactions. Currently, changes are not uniformly documented. Some changes are submitted through a letter, others are written on the payroll submission forms. A uniform record of personnel actions will enable the City to avoid errors, having to make changes retroactively, and will allow all necessary departments to be using the same information in the same format. The distribution of the Personnel Action Form, which can be paper or electronic, should be initiated by the employee’s department and distributed to the Personnel Office, Auditor’s Department, and Treasury Department.

Position Descriptions. The City does not have updated position descriptions. Having accurate position descriptions is a requirement of the Americans With Disabilities Act and is a wise business practice. Dealing with employee performance, expectations, and supervision requires an understanding of the responsibilities of a position. Recruitment efforts are complicated by not having updated and accurate, standardized position descriptions. Subsequent to the start of the Human Resources Audit, the City engaged the services of a consultant to perform a pay and classification study of non-union positions. Implementing the recommended position descriptions will be important for the City moving forward.

Classification System. Each position should have a classification, or level which should be based on the essential functions of the position and the particular level or ‘value’ of the position in the organization. The City does have various classification levels, most of which are determined through collective bargaining. The non-union classification system is part of the pay and classification project noted above. Moving forward, it will be important for the City to hire employees within the classification system in place.

Internal and External Posting, Advertising, and Recruitment. The City does not follow a uniform procedure for position postings. The current methods vary by union, by department, by Civil Service statutes, and by appointing authority. In order to provide for best practices, ensure a fair process, and limit liability, all positions should be posted and advertised in a uniform way, unless otherwise dictated by a collective bargaining agreement or specific statute, as in the case of Civil Service. Utilizing the above-recommended Position Acquisition Form will assist the City in reinforcing fair employment practices. To best ensure uniformity, it is recommended that all position postings and advertisements be done by the Personnel Office, regardless of the appointing authority. The Personnel Office provides technical process support but does not need to be involved in making all decisions or usurping any authority. However, state and federal law requires that all records from employment searches be maintained, including applications, postings, questions, tests, references, and notes. The City is not maintaining these records and should begin to do so immediately. Because the records related to the hiring process are personnel records, they should be centralized in the Personnel Office.

The format of the job postings can be varied but should have the same basic information: essential functions, responsibilities, salary, hours, and other working conditions that may apply, as well as the minimum requirements of the position and an application procedure clearly delineated. All postings should have the City's Equal Opportunity Statement. Advertising of a position should be broad enough to reach the target audience for the position, minority groups, individuals with disabilities, veterans, and those in other protected groups.

Equal Employment Opportunity/Affirmative Action Statement (EEO/AA). The City does not have an adequate Equal Opportunity/Affirmative Action Statement. While being an EEO/AA employer is referenced in various places, it is recommended a formal statement be adopted.

Employment Applications. The City should immediately replace the existing employment application. The one currently being used is out of date and not in compliance with federal and state laws. A standard employment application is critical and must be completed by all candidates for consideration. While some positions may require a resume or supplemental information, the City needs to establish and implement a process by which all applicants are using a standardized application form. The application must have accurate language regarding the inquiries made into criminal history, lie detector testing, and the ability to reflect volunteer experience. The application must have a place for a signature attesting to the truthfulness of the information provided and an acknowledgement that omissions or inaccuracies may be cause for termination.

Screening Applicants. It is recommended all applications be submitted to the Personnel Office, regardless of the appointing authority. Federal and State laws require the tracking of applicant information, which is extremely difficult if the application submissions are not centralized. Furthermore, since there is also a requirement to maintain all application materials, logic dictates they should be submitted to the Personnel Office and then forwarded to the appropriate department. The Personnel Office should work with the department heads to make initial determinations, based on the requirements contained in the position description, regarding applicant eligibility. As mentioned above, requiring a uniform application from all applicants will assist in an objective review of application materials.

Employment Interview. The City has a disjointed hiring process, varying by department, by location, and by appointing authority. Regardless of location or appointing authority, interview questions should be standardized and created with the assistance of the Personnel Office. Only job-related questions may be asked, and records of all interviews must be maintained. It is a common occurrence across employers to unintentionally violate discrimination laws during an interview. Common unintended violations involve questions regarding an applicant's marital status, parental status, or religious beliefs. The City should regularly train its department heads on how to interview effectively and legally and in accordance with the MCAD (Massachusetts Commission Against Discrimination) Fact Sheet.

Skills Testing of Applicants. Skills testing of applicants may be performed if it is done uniformly for all applicants and is specifically job-related. Any skills testing performed should be coordinated through the Personnel Office.

Civil Service. The City must comply with Civil Service regulations for both Official Service, which involves testing, as is the case with Police and Fire, and Labor Service, which involves the maintenance of an extensive list of applicants. In recent years, the Massachusetts Human Resources Division (HRD) has delegated the administration of Civil Service to cities and towns. HRD is no longer involved throughout the process, which increases the burden of administration on the City. The Police and Fire Departments conduct Civil Service hiring for themselves. While that makes sense, it is important for the Chiefs to coordinate with the Personnel Administrator to ensure all hiring processes are not only in compliance with Civil Service regulations, but with City policy as well. For Labor Service positions, the City needs to do a better job.

Reference Checks. The City has no uniform system for reference and background checks. Reference checking is another area of potential liability; therefore, reference checking should be done by the Personnel Office and/or by a representative from the hiring department who is trained on what to ask and how to document the reference check. Records of reference checks indicating the references name, date of reference, and a summary of the reference should be maintained in the position recruitment file maintained by the Personnel Office.

The City should create a policy prohibiting employees other than those in the Personnel Office or those designated to give reference for current or former employees.

Conditional Offer of Employment. The City has no system for offering a candidate a position. The process varies by department and appointing authority. The City should create a standard letter generated and maintained by the Personnel Office that offers employment, pending the meeting of certain conditions. The letter should be the base document to create a personnel record for the potential employee. The audit revealed no real system exists, and some offers are made verbally. The City should discontinue this process immediately. All offers should be in writing and contain the conditions of employment, the starting pay, union status, probationary period, license verification, and other basic information. If references have not been conducted, the letter should indicate that references will be checked. Similarly, information pertaining to criminal history, background checks, pre-employment physicals, and drug testing should be included in the letter. The letter should indicate to the prospective employee that the offer is conditional on the successful completion of all of the conditions specified. It should be noted that pre-employment physicals and criminal history checks are only allowed after a conditional offer is made. A system should be put into place to verify all conditions have been met prior to the actual appointment.

Background Checks. Failing to verify information on an employment application or fully verifying education and work history can prove to be critical. Included in background checks are criminal history, employment, and education credential verification. Criminal history

records must be kept separately; therefore, it is recommended the Personnel Office be responsible for conducting the inquiries and maintaining the associated records.

Pre-employment Physicals. The City performs pre-employment physicals for various positions. The physicals exams comply with state and federal laws, but with all medical records, it is recommended these files of be maintained in the Personnel Office.

Drug Testing. The Department of Transportation (DOT) requires employees whose responsibilities require a Commercial Driver's License (CDL), such as many in the DPW, to participate in a drug-testing program and mandates pre-employment drug testing for applicants for positions requiring a CDL. The City complies with these requirements. However, the records of drug testing are medical records and should be kept in the Personnel Office. Similarly, pre-employment drug testing of other applicants, such as Police and Fire, is performed, and the records of such should be centralized as well.

Appointment Letter. The City does not have a standard appointment letter. A standard letter should be created which restates the information in the conditional offer letter but includes additional information such as hire date and details about the probationary period. The letter should be created and maintained by the Personnel Office in the personnel file. The letter is important, because it becomes the basis for the employment relationship. Along with the appointment letter, a Personnel Action Form should be generated and circulated to create the new employee in the payroll and personnel system. No employee should be allowed to begin working until all required conditions are met and an appointment letter executed.

Current Employment

New Hire Orientation. The City does not have a standardized system of hiring and orienting new employees. As in other instances, the procedures are decentralized and are handled differently depending upon the department and appointing authority. A standard checklist or process should be created for all new hires and coordinated through the Personnel Office. The process should include ensuring the necessary payroll information is entered into the system, personnel records are created, and benefit options are explained to the employee. The orientation should include information regarding retirement, payroll deductions, union dues, direct deposit, and other necessary information about the City. When the City creates a Personnel Policy Manual, it will be important for each employee to receive and verify acceptance of the City's policies and that the verification signature be maintained in the central personnel file.

Fair Labor Standards Act. The City appears to comply with the Fair Labor Standards Act with respect to exempt and non-exempt employees, overtime compensation, and hours of work. Much of the workforce is unionized, and hours of work and overtime provisions are generally contained in the respective collective bargaining agreements.

Leave Administration. The City does a poor job of tracking leave usage and balances. Each department keeps its own leave records. While departments are requested to submit authorized leave time forms to the Personnel Office, not all do so. Additionally, due to the lack of time and staff, the Personnel Office simply files the submitted forms, referring to them only if researching an issue is needed. Leave balances can be a great budget liability. It is imperative the City improve its management of leave accruals and balances. All departments should be required to submit leave time forms to the Personnel Office as requested, and the City should consider mandating all employees complete weekly time sheets.

The City has the capacity to automate the tracking of leave usage and balances. Through automation, the administration of leave could be more efficient and accurate, which would help in managing time and attendance, allow for the accurate accounting of the cost of leave, and reduce time spent on research.

Leave. The City provides numerous types of leave to employees. Unionized employees have leave entitlements articulated in the collective bargaining agreements. Most leave benefits for non-union employees are detailed in the City ordinances. It is recommended the leave ordinances be abolished and that updated leave benefits become part of the Personnel Policy Manual. Leave laws and regulations are constantly changing, and the City should have flexibility in administering leave in accordance with state and federal requirements. The City does not have all the leave policies it should. Detail on the policies recommended is contained in another section of this report.

Performance Appraisal. The City does not have a uniform or formal performance appraisal system. Although there is no legal requirement to have a performance appraisal process, the City should consider implementing one. The Professional Supervisors group of employees has a format for performance appraisal that is satisfactory and could be utilized. The City needs to make a policy decision on the matter of performance appraisal. The Center has been made aware the City may be moving forward with a performance appraisal system as recommended through another project. It is recommended the City conduct training prior to the implementation of a system. Additionally, the Personnel Office should be responsible for the administration of the system to ensure it is uniformly applied.

Training and Professional Development. The City does not provide sufficient training for its employees. The audit revealed numerous instances of liability for the City due to lack of knowledge or training. Benefit administration is particularly critical. The laws and regulations regarding benefit eligibility and administration are constantly changing and liability for non-compliance is increasing. For example, the City has not conducted a state-mandated eligibility audit that became required by law in July 2011 (Chapter 69, Acts of 2011).

The City has not adequately trained employees on matters of discrimination and sexual harassment. While training on sexual harassment prevention is not required, it is highly recommended for all employees, in particular supervisors. Department heads should be trained in the area of hiring, supervising, and discipline. It is recommended that once the City

adopts a Personnel Policy Manual, all supervisors attend training on the application of those policies.

The City is a member of the Massachusetts Municipal Association. The City should take advantage of the relatively inexpensive training that is offered department heads and other professionals by participation in state-wide organizations, such as the Massachusetts Municipal Association, Massachusetts Municipal Personnel Association, Massachusetts Government Finance Officers Association, Massachusetts City/Town Clerks Association, to name a few. The value of participation in sponsored workshops, often conducted by legal experts, is well worth the investment and can provide professionals with information of what is on the horizon in their fields of expertise. Additionally, such meetings foster relationships with colleagues from other cities and towns and provide useful insight and opportunity to share and learn about industry best practices. In light of the ever changing and increasing demands of human resources professional, the Personnel Administrator should be participating in programs provided by the Massachusetts Municipal Personnel Association and be provided with the necessary resources to participate in those programs.

Union & Employee Relations. The City appears to be satisfactorily working with the unionized workforce. With the absence of comprehensive policies, however, varying answers are given across departments on issues related to personnel administration. The lack of clear policy has caused employees to “shop for the best answer” and ask similar questions to different people, thereby causing conflict. The creation of a Personnel Policy Manual will lessen the provision of conflicting or confusing information to employees and among and between departments and divisions. Similarly, the City should make a policy decision on which department has responsibility for collective bargaining agreement administration. Departments should be clear on where to go for assistance on union matters. During the audit, information received from departments was conflicting, with some departments indicating the City Solicitor’s office was the authority for questions and others indicating the Personnel Office was the authority. It is recommended all questions regarding union issues, discipline, collective bargaining agreements, and administration be submitted through the Personnel Administrator who can work with the City Solicitor’s office if a legal interpretation is needed. By doing so, all departments and employees will be given the same answers to inquiries.

Health Insurance. As previously mentioned, the enrollment of some employees into the benefit program has been decentralized. As recommended above, this practice should be stopped. All enrollments should be centralized in the Personnel Office through a Benefits Coordinator. Privacy laws such as the Health Insurance Portability and Accountability Act (HIPAA) are clear. Having such information handled in a decentralized fashion increases liability for violations of HIPAA. Furthermore, insurance information, Social Security information, parental status, and other factors that can be gleaned from health insurance enrollment information are confidential and should not be shared. Medical and health information and administration is an area that should be centralized for confidentiality and for eligibility decisions. It is imperative all benefit transactions are processed in a uniformly. While it may be acceptable to allow Holyoke Gas and Electric confidential personnel and the School Department

(a large department with a centralized human resource function and its own confidential employees) to enter enrollment information, it is not acceptable for other departments to do so. Even though the City has different departments, appointing authorities and entities, for the purpose of liability, employee benefits are the responsibility of the City itself, not individual departments, and therefore should be administered centrally.

In addition to needing to correct the decentralized enrollment of health benefits, the City must conduct a state mandated audit of all insured. An Act Relative to Municipal Health Insurance became law on July 12, 2011 (Chapter 69 Acts of 2011). The Act requires that active employees and retirees who are covering dependents under their health plan be required to provide certain documentation to verify their dependents' eligibility. Surviving spouses must provide certain documentation. Even when eligibility has not changed, the audit is required to confirm that all dependents meet the already-existing requirements.

The City must improve its documentation not only of dependents, but also of qualifying events. As discussed in the section of this report dealing with medical records and privacy, such records of dependents and qualifying events should be confidential, centrally maintained, and separate from personnel files. Departments other than the Personnel Department of the City, Holyoke Gas and Electric, and the School Department should not be authorized to handle benefits.

The Affordable Care Act has increased the challenges in benefit administration. New requirements, particularly when certain employees are eligible under one plan and not others, create record-keeping difficulties and increased diligence in managing the benefits of those employees.

As will be discussed in the insurance section of this report, it is recommended the City review all of its insurance products and policies in a comprehensive way to ensure the most efficient and effective plans are in place.

Dental Insurance. The City has a dental insurance plan. A dental plan is not required by state or federal law but provides a benefit to employees. As will be discussed in the insurance section of this report, it is recommended the City review all its insurance products and policies in a comprehensive way to ensure the most efficient and effective plans are in place.

Life Insurance. The City has a life insurance program and complies with state law regarding eligibility and amounts offered. As will be discussed in the insurance section of this report, it is recommended the City review all its insurance products and policies in a comprehensive way to ensure the most efficient and effective plans are in place.

Employee Assistance Program. The City has an employee assistance program (EAP) which provides basic counseling and referral services for employees and their families. An EAP is not a legal requirement, yet is certainly recommended as a best practice and is recommended. As will be discussed in the insurance section of this report, it is recommended the City review all its insurance products and policies in a comprehensive way to ensure the most efficient and

effective plans are in place. Many times, EAP services can be included as a component of another plan at little or no cost, and a vendor will often provide free training workshops to employees and supervisors not only about the EAP program, but also on a variety of workplace topics.

Injured on Duty & Workers Compensation Procedures. The City uses the services of a third party administrator for assistance with Workers Compensation and Injured on Duty claims. Injured on Duty refers to Police and Fire work-related injuries. Workers Compensation refers to all other work related injuries. The City pays the third party administrator a fee of \$48,000 per year.

The City does not have insurance for either type of work-related injury. An account is established each year to cover the cost of work-related injuries. As will be discussed in the insurance section of this report, it is recommended the City review all its insurance products and policies in a comprehensive way to ensure the most efficient and effective plans are in place.

In addition to looking at the insurance products and policies, it is recommended the City establish a comprehensive policy and procedure for handling work-related injuries. Injury administration is currently for the most part decentralized to the departments. Each department handles injuries differently in terms of notification of injury, charging of sick leave, requiring doctors to be seen, and reports submitted. As with other medical issues, it is important for the City to centralize the response to and administration of work-related injuries. While information will be needed from departments, individual departments should submit all work-related injury information to the Personnel Office, and only the Personnel Office should receive medical information.

The Personnel Department pays all bills relating to work-related injuries. The task is incredibly time-consuming. It is recommended that, even if a comprehensive approach to insurance is not completed for the next fiscal year, at a minimum, the City should work with the third party administrator to establish an escrow account and pay the bills directly, rather than create redundancies in authorizing and processing bills, and risking the sharing of medical information in violation of HIPAA regulations.

Post-Employment

The City needs to improve its practices regarding the separation of employees. While the retirement process appears to be handled well, other aspects of separation are not. A separation checklist should be created to ensure all separation requirements have been met.

Retirement. The City has its own Retirement Board. The Personnel Office coordinates a variety of employee information with the Retirement Board. Because the Retirement Office is on site and there are good relationships with City officials, retirement processing works well. However, retirees are at times referred from one department to another causing confusion,

frustration, and delay. It is recommended the Personnel Office and the Retirement Office work together to establish standardized procedures.

Benefits upon Separation. Regardless of the circumstances, terminated employees are entitled to numerous benefits upon separation. It is critical that the Personnel Office be involved in all employee separations, and that, prior to any separation, the recommended Personnel Action Form be processed and verified. By state law, employees are entitled to all vacation time owed to them. Collective bargaining agreements provide for other benefits, depending on the particular contract. It is important such provisions be handled in a universal way.

Unemployment. State law mandates that all employees separated from employment receive information regarding their potential rights to receive unemployment compensation. The law requires the information be given, not interpreted. The City is not consistent in its practice regarding the required unemployment rights information distribution. The City should not give an opinion on eligibility and should not withhold the information assuming the separated employee is not eligible or interested in unemployment benefits.

Consolidated Omnibus Budget Reconciliation Act (COBRA). COBRA provides for the continuation of health and dental insurance coverage after an employee has been separated, regardless of the reason. The distribution of COBRA notices is decentralized and inconsistent. The risk is that the eligibility requirements can be complicated and the qualifying events that require COBRA notices can be confusing. Individual departments should not be distributing COBRA notices. The City should centralize the responsibility or consider having a vendor provide the service. When the City evaluates insurance products and policies, the City should include COBRA administration.

RECORD KEEPING

Central File Retention. In order to operate efficiently, effectively, and in compliance with federal and state laws, thus reducing liability, all personnel records should be maintained centrally. The City does not have a central personnel records system and should work towards bringing all personnel records to the Personnel Office. Personnel records are not just the traditional “personnel file.” Personnel records includes I-9 forms, applications, medical files, injury files, performance appraisal records, grievance files, leave files, and more. Because of the sensitive and often confidential nature of much of the information pertaining to personnel records, it is recommended to have them as centralized as possible.

Personnel Files. The City’s personnel files are not consistently maintained, and they are not all maintained in compliance with state law. In recent years, the Personnel Office has begun to keep personnel records appropriately, but older files are not maintained properly. Additionally, various departments, such as Public Works, Police, Fire, and the Library keep their own personnel records. The Personnel Office is responsible for the establishment of personnel records for all employees, and should therefore be the keeper of all official personnel files.

Departments should be able to keep copies of some records, but the Personnel Office should have centralized personnel files for all employees. State and federal laws define and regulate the maintenance of personnel records and the administration of such should be centralized.

I-9 Forms (Employment Eligibility Verification Form, US Homeland Security). The I-9 Form is required to verify the eligibility of all employees. The City has fairly consistently complied with obtaining the I-9 Form. The record keeping should be centralized in the Personnel Department. Of those the Personnel Department has, they are maintained properly, in a separate folder. The decentralization of this responsibility to some department risks noncompliance and should be discontinued.

Interview and Selection Files. All records relating to the hiring of employees must be maintained by the City. Records about the position, the vacancy announcement or advertisement, resumes, applications, questions, references, testing, and any other information used to determine selection must be maintained in accordance with state law.

CORI Files. Criminal history registry files must be kept separate from the primary personnel file. Currently, the City does not have a uniform system for the maintenance of CORI files. However, the City has recently adopted a CORI policy that will help moving forward.

Medical Files. Medical information about an employee must be maintained in a file separate from the primary personnel file. Information pertaining to work-related injury cannot be maintained in the primary personnel file. Medical information pertaining to any diagnosis or illness with respect to Family Medical Leave must be maintained separately. Pre-employment physicals and drug testing files must be maintained separately.

Grievance & Complaint Files. Grievance and complaint files should be maintained separately. While the Personnel Office has some grievance files, it is not clear that all records are centralized. The Personnel Office and the City Law Office should collaborate on the best procedure and location for the maintenance of grievance files and discipline records, and the process by which department heads are involved in any grievance and discipline record retention.

PERSONNEL POLICY MANUAL

The City is spending millions of dollars a year on pay and benefits without effective policies or procedures concerning those expenditures. The City has a few ordinances and has recently adopted individual policies, but it does not have a Personnel Policy Manual or employee handbook. A review of the City ordinances, existing policies, and the absence of policies reveals a significant void of required policies.

As stated above, it is recommended that the City remove most policies from the City ordinance and create a comprehensive Personnel Policy Manual. The manual should be issued by the Mayor and administered by the Personnel Administrator.

It is recommended that the applicability provision of the Personnel Policy Manual be clear as to which departments, which employees, and which elected officials each policy applies. While some employees are not appointed by the Mayor, they are still nonetheless employees of the City and must adhere to the policies.

The City will need to modify and adopt policies in order to comply with state and federal law. The City needs to adopt comprehensive policies in order to avoid serious liability should an instance arise. The following table summarizes the existing and recommended policies and the action to be taken by the City. The City will need to adopt and implement dozens of required policies, distribute them, bargain their impact when necessary, provide training, and administer them.

POLICY	Ordinance	Policy	None	COMMENT
Classification & Compensation Plans	X			Move to Policy; revise & update
Filing of Collective Bargaining Agreements	X			Delete
Chief of Police	X			Delete
Firearms	X			Move to Policy Manual
Hours of Work & Overtime	X			Move to Policy Manual; update
Identification Cards	X			Move to Policy Manual
Benefit - Longevity	X			Move to Policy Manual; update
Leave – Bereavement	X			Move to Policy Manual; update
Leave - Jury Duty & Court Leave	X			Move to Policy Manual; update
Leave - Military Leave	X			Move to Policy Manual; update
Leave – Paid Holidays	X			Move to Policy Manual; update
Leave – Sick Leave	X			Move to Policy Manual; update
Leave – Vacation Leave	X			Move to Policy Manual; update
Leave –Personal Leave	X			Move to Policy Manual; update

POLICY	Ordinance	Policy	None	COMMENT
Overtime Compensation	X			Move to Policy Manual; update
Supervision and Management of City Council	X			Move to policy Manual
Travel Policy	X			Move to Policy Manual; update
Uniform Allowance	X			Move to Policy Manual; update
Criminal Offender Record Information (CORI)		X		No action needed
Disability Discrimination Prevention		X		No action needed
Drug Free Workplace		X		Needs revision
IT Resources Acceptable Use Policy		X		No action needed
Sexual Harassment		X		Needs revision
Access & Use of Telecommunications Systems			X	Collins Center submitted Recommended Draft
Alcohol & Drug Use			X	Collins Center submitted Recommended Draft
Anti-Fraud			X	Collins Center submitted Recommended Draft
Attendance Policy Statement			X	Collins Center submitted Recommended Draft
Basic Life Insurance			X	Collins Center submitted Recommended Draft
City Property			X	Collins Center submitted Recommended Draft
Conduct			X	Collins Center submitted Recommended Draft
Conflict of Interest			X	Collins Center submitted Recommended Draft
Consolidated Omnibus Budget Reconciliation Act			X	Collins Center submitted Recommended Draft
Discrimination Grievance Procedure			X	Collins Center submitted Recommended Draft
Discrimination Prevention			X	Collins Center submitted Recommended Draft

POLICY	Ordinance	Policy	None	COMMENT
Dress Code			X	Collins Center submitted Recommended Draft
Employee Grievance Procedure			X	Collins Center submitted Recommended Draft
Equal Opportunity/Affirmative Action			X	Collins Center submitted Recommended Draft
Family Medical Leave Act			X	Collins Center submitted Recommended Draft
Health Insurance			X	Collins Center submitted Recommended Draft
Health Insurance Portability & Accountability Act			X	Collins Center submitted Recommended Draft
Hours of Work and Overtime				Collins Center submitted Recommended Draft
Leave – Maternity & Paternity Leave			X	Collins Center submitted Recommended Draft
Performance Appraisal			X	Collins Center submitted Recommended Draft
Personnel Records			X	Collins Center submitted Recommended Draft
Political Activity			X	Collins Center submitted Recommended Draft
Recruitment & Selection			X	Collins Center submitted Recommended Draft
Reference			X	Collins Center submitted Recommended Draft
Retirement			X	Collins Center submitted Recommended Draft
Small Necessities Leave Act			X	Collins Center submitted Recommended Draft
Social Networking			X	Collins Center submitted Recommended Draft
Vehicle Use and Reimbursement			X	Collins Center submitted Recommended Draft
Whistleblower Protection			X	Collins Center submitted Recommended Draft
Workplace Injuries			X	Collins Center submitted Recommended Draft
Workplace Safety			X	Collins Center submitted Recommended Draft

POLICY	Ordinance	Policy	None	COMMENT
Workplace Violence Prevention			X	Collins Center submitted Recommended Draft

Discussion of Specific Policy Recommendations. The policies that are recommended to be deleted are those that the Center believes are administrative in nature and not necessary as policies. At a minimum, those ordinances should be deleted and new policies created.

Leave policies do not need to be in the form of an ordinance. Frequently, leave is modified for union employees through a collective bargaining agreement. It often makes sense to adjust the leave policy for the non-union employees at the same time, and it would be simpler to adjust the Personnel Policy Manual and keep that up-to date rather than to change the ordinance.

The City needs to adopt a formal Family Medical Leave Act (FMLA) policy. The Personnel Office has information on its webpage about the FMLA, uses the appropriate forms, and appears to follow the statute. However, a formal City policy should be adopted and universally applied and administered by the Personnel Office across departments.

An issue that arose in many interviews during the audit was that of meal and break periods. Apparently, while some provisions are detailed in collective bargaining agreements, there is no clear policy on break periods, which has caused a disparate application of procedure across departments. The Center has recommended a policy.

Policy areas where the City needs to focus are conduct, computer use and social networking, discrimination, attendance, and performance expectations. Without policies defining expectations, the City has diminished capacity to manage employees effectively and to discipline when necessary.

Liability avoidance is the most compelling reason for adopting a comprehensive set of policies. In the absence of a clear policy, the City’s liability is increased. Having a comprehensive set of personnel policies, making them known to all employees, providing training when needed, and administering them in a centralized and consistent manner will help the City avoid liability in the future.

INSURANCE REVIEW

The Center audit involved a review of insurance benefits, programs, and administration. Not long into the meetings with the City, it was realized that the administration of insurance products and policies is inadequate. The City spends millions of dollars on insurance without clearly defined responsibility and without an understanding of what is in place. The phrase “that is how it has been done” was stated repeatedly in meetings with City officials. Furthermore, when asked, officials did not know exactly who was covered or the cost of the policies and had to research to get what is considered basic policy information. When records

were received, they were copies from previous years and not updated. When asked, City officials were not even sure if the City was self-funded, purchased insurance, or had a combination of programs.

The City provides insurance benefits for various entities, including Holyoke Gas and Electric, Retirement Board employees, and the Holyoke Geriatric Authority. However, the policies in place do not clearly state who is covered. Apparently, some entities reimburse the City the full amount of benefits, and others do not. However, this practice is inconsistent concerning other types of insurance, such as property and liability insurance. The concern is that the City may not have all the necessary insurance policies it should, that it may be covering employees it should not, and may be paying more than it needs to.

The lack of understanding and knowledge by City officials is concerning. Amounts paid in commission to a number of different brokers range from 5-9%, costing thousands of dollars per year. Current policy data is not readily available. When asked about Workers Compensation and Injured on Duty programs, the Center was given ambiguous information, indicating the programs were fully insured, yet they are not. The City self-funds Workers Compensation and Injured on Duty programs and pays a third party administrator \$48,000 per year.

The City has used the services of an insurance advisor for property and liability insurance programs. Information received from City officials indicates the advisor is paid a fee on a bi-annual basis, but the City has not provided that amount to the Center. Additionally, the broker receives a 9% commission of more than \$30,000 per year.

The City utilizes the services of two health insurance brokers. These brokers work with the Personnel Office on insurance matters. The two insurance brokers earn a commission each year based on the premiums paid. The Center requested the amount paid in commission, but did not receive the requested information.

The City has what is called a "Section 19 Committee" which represents various employee groups and interests throughout the City concerning benefits. The legal standing of the committee is not clear, specifically whether or not the City has adopted Section 19 of MGL Chapter 32B or if the City simply created a committee to deal with benefits across employee groups. None of the officials interviewed knew the answer to this question. The City should clarify this issue and ensure all related bargaining obligations with unions are being fulfilled.

The Center is not saying the insurances in place are inappropriate. However, the lack of understanding and involvement of City officials in such a large cost item for the City is problematic. The Center recommends that the City evaluate insurance in a comprehensive way and consider a competitive bid process for all its insurance products. It is recommended the City procure the services of an insurance consultant to evaluate all insurance products and policies and research potential savings in moving toward utilizing one firm for the purchase of all insurance, which can provide for discounts. Additionally, any review should analyze the option of including premiums for Workers Compensation and Injured on duty programs. Only a

comprehensive review of claims will determine what combination of insurance and self-funding is best for the city. While some of this work has been done in the past, it has been disjointed and not done in a universal, comprehensive manner.

The Center believes simply by reviewing insurance programs and fees paid to brokers and advisors, enough savings will be generated to pay for a Benefits Coordinator.

The City is on the right track with the recent formation of an Insurance Working Group. This group should be the one to obtain information from either insurance carriers or vendors to evaluate the City's insurance programs in a comprehensive manner.

CLARIFICATION OF ORGANIZATIONAL STRUCTURE AND AUTHORITY

The City ordinance provides a strong foundation for the Personnel Administrator and Personnel Office. By centralizing personnel functions, bringing the staff size to an appropriate level, and adopting and implementing a comprehensive body of personnel policies, the City will be on its way to an effective personnel department that complies with state and federal regulations and is best able to serve the City, the employees, and retirees, as well as reducing exposure to liability.

As discussed with the insurance review and the Personnel Policy Manual sections of this report, the City needs to clearly define its organizational structure, delineating the lines of control and authority for all its departments, entities, and affiliates. Such an action is critical, particularly with respect to issues of insurance coverage and liability. The City's insurance and liability policies are not clear as to which employees are covered. Some entities, including the Retirement Board and the Holyoke Gas & Electric, indicate they are separate entities, yet in certain circumstances, they are treated like City departments and employees. The City should clarify its organizational structure and authority.

CONCLUSION

The Center has made many observations and recommendations in the preceding pages that, if implemented, will result in a more efficient and effective Personnel Department and human resources management in Holyoke. However, the implementation of these changes will certainly require the acceptance and dedication of the Mayor and other elected and appointed officials. Many individual recommendations for change are made in this report, but collectively they will require a change in orientation from a personnel administration that is reacting to problems to one that can anticipate and focus on the work that must be done. The Personnel Office will need the necessary resources to accomplish the work it is charged to perform.

The Personnel Administrator, with the support of the Mayor, should be relied upon to initiate many of the recommended changes. In order for the types of change recommended in this report to be successfully implemented, the Personnel Administrator will need support from

outside of the department, and cooperation by department heads and staff. The Mayor and City Council will be important partners in this effort as they make budget decisions, work with the Personnel Administrator to implement recommendations, track progress, and hold leaders accountable for making progress on implementing the recommendations of this report.