

Performance Audit Report

Management Training

Department of Budget and Management's Oversight
of Training Offered to Management Employees

September 2018



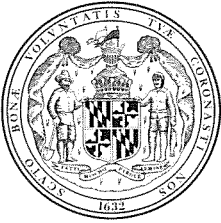
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DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
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September 25, 2018

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Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit of training offered to management employees of agencies under the authority of the Department of Budget and Management (DBM). State law specifies that DBM is the responsible agency for administering an employee training program and adopting the necessary policies and regulations, which includes responsibility for management training. The primary focus of our audit was on the actions and responsibilities of DBM and its Office of Personnel Services and Benefits (OPSB).

Investing in people includes providing training programs to employees to assist an organization in achieving its mission and goals. It is particularly essential to establish training programs for management employees considering the key role management plays in motivating, teaching, and developing subordinates.

We found that DBM had not established a formal training program for the approximately 3,200 employees in management positions in agencies under the State's Personnel Management System (SPMS). Although DBM offered certain training to personnel administrators as well as on-line courses on various topics that are available to management employees, neither the training nor the courses focused on the core subjects of a comprehensive management training program that we identified during our research. The eight core subjects we identified were leadership, ethics, communication, coaching and motivation, delegation, critical thinking, conflict resolution, and planning.

Six governments outside of Maryland we contacted offered management training programs that were generally administered on a centralized basis for

the benefit of employees in their various agencies. The programs offered by four of these governments addressed at least seven of the eight core subjects. The programs offered by the remaining two governments individually addressed at least four core subjects.

In addition, although authorized by State law, DBM had not established regulations or policies for administering management training programs. Such regulations or policies would provide guidance to and oversight of State agencies under SPMS, including those that had unilaterally established training programs for their employees, to ensure managers at those agencies had access to quality training opportunities. Additionally, DBM was generally unaware of any management training programs established by agencies in SPMS.

We determined during the course of the audit that four SPMS agencies had collectively established, on their own, eight training programs for managers or supervisors that covered at least four of the eight core subjects. One training program offered by one agency was mandatory and provided training in seven core subjects.

Because of the benefits that could accrue to State agencies who are led by properly trained managers, we believe that DBM, under its statutory authority, should establish and oversee a Statewide management training program, subject to regulations and policies that address and define its responsibilities and those of the affected agencies. Such a program could be administered either centrally or by individual SPMS agencies, and should consider the best practices and content of other management training programs.

A summary of our conclusions can be found on page 11, and our audit scope, objective, and methodology are explained on page 7. The response to this audit from DBM, on behalf of OPSB, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by OPSB and selected agencies.

Respectfully submitted,

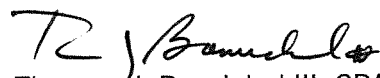

Thomas J. Barnickel III, CPA
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Background Information

Overview

According to a United States Government Accountability Office report¹, strategic human capital management centers on viewing people as assets whose value to an organization can be enhanced through investment. Investing in people includes providing training programs to employees to assist an organization in achieving its mission and goals. Ultimately, improving employee performance leads to improved organizational performance.

While establishing training programs for all employees is desirable, in our opinion, it is particularly essential for management employees. Managers are responsible for motivating, teaching, and developing subordinates. Therefore, organizations need to make sure managers, especially new managers, receive the training necessary to develop skills to effectively lead and direct their subordinates and create a productive and supportive work environment.

A critical outcome of appropriate management training should be improving employee engagement and trust, which are critical factors affecting employee productivity and turnover. Specifically, a 2012 study by a global professional services firm surveyed over 32,000 employees and found a direct relationship between employee engagement and productivity². Furthermore, a 2014 study by the same firm found that leadership is the key driver for sustainable engagement, and only 40 percent of workers surveyed were highly engaged³. The 2012 study also found that workers who are not highly engaged are more likely to leave employment.

Generally, in both the public and private sectors, management training programs are provided in an on-site classroom setting or through web-based instruction, and often include mentorship and development activities, and peer networking opportunities to improve leadership skills and provide training and experience in core competencies deemed essential for effective managers.

¹ United States General Accounting Office, High-Risk Series: Strategic Human Capital Management (GAO-03-120), 7 and 15.

² Towers Watson 2012 Global Workforce Study, Engagement at Risk: Driving Strong performance in a Volatile Global Environment, 9.

³ Towers Watson 2014 Global Workforce Study, Driving Engagement Through a Consumer-like Experience, 3.

The issue of management training appears to be particularly relevant given certain State trends. For example, rapidly changing technology, including the ability to work remotely, and the continual increase in State program expenditures while the number of government workers has remained relatively constant present challenges to State agency operations. Specifically, according to State budget documents, the State operating budget has doubled from \$21 billion in fiscal year 2002 to \$42 billion in fiscal year 2017, while the count of full-time-equivalent employee positions decreased during this period from 81,105 to 80,565. Consequently, maximizing State employee efficiency in performing their duties through effective management should be an essential goal of State government.

Finally, it follows that providing management training to employees to ensure that they will be ready to replace their leaders when they eventually leave State service, will aid in minimizing operational disruption. During the five-year period from July 1, 2012 through June 30, 2017, approximately 22,000 SPMS employees departed State agencies (primarily through resignation, retirement, and removal), and the annual employee turnover rate ranged from 8 percent to 13 percent during this period. The number of management employees that departed during this timeframe was not readily available.

Department of Budget and Management's (DBM) Training Responsibilities

The State Personnel and Pensions Article of the Annotated Code of Maryland, Title 10, Subtitle 1, requires DBM to administer an employee training program for all employees in the State Personnel Management System (SPMS), which is under the authority of the Secretary of DBM. The statutory purposes of this program are to:

- 1) develop the capabilities of employees;
- 2) train employees to perform their duties with maximum efficiency;
- 3) attract individuals to State employment; and
- 4) train managers and supervisors to be knowledgeable and skilled in the fair application of laws, rules, and guidelines.

In addition, State law requires DBM to supervise all employee development and training and the training is to be carried out in accordance with policies and regulations to be established by DBM. DBM's Office of Personnel Services and Benefits (OPSB) is the State agency responsible for overseeing State personnel functions. According to DBM records, the total number of regular, full-time SPMS employees was 39,000 as of June 30, 2017, including

3,200 management employees and an additional 4,200 lower-level supervisors.

In 2005, DBM's Employee Development and Training Division was eliminated (we were advised that this decision was taken in response to budget cuts) and OPSB lost the related employee positions dedicated to overseeing Statewide training programs, which were also eliminated or significantly reduced.

Currently, OPSB provides optional in-person or on-line training to SPMS agency personnel administrators who are expected to provide similar training to others in their agencies. Also, DBM has established an on-line learning system for State employees and agencies. Since September 2014, DBM has operated the State's Learning Management System, referred to by DBM as "The Hub". The Hub uses cloud-based software to provide employees within the SPMS the ability to browse a catalog of offered courses approved by DBM, register for, and receive training.

DBM believes that a number of courses that currently are available on The Hub aid in the development of the capabilities of employees and assist them in improving efficiency. For example, DBM cited customer service training that is available to all employees, as well as a number of supervisor-specific training modules. These supervisor-specific modules include the performance evaluation process, familiarizing employees with the interview process, managing medical absences, and several modules that are offered to increase awareness of issues like dealing with disabilities in the workplace, sexual harassment, and bullying. DBM believes that these types of elective self-paced training modules are the best way to reach a State employee population that is diverse in education levels, geographical proximity, and functions.

Audit Scope, Objective, and Methodology

Audit Scope

We conducted a performance audit of the formal training provided to State management employees within the State Personnel Management System (SPMS)⁴ to develop leadership skills, improve performance and efficiency, and to promote consistency in the application of State laws, policies, and procedures. The primary focus of our audit was on the actions and responsibilities of the Maryland Department of Budget and Management (DBM), and its Office of Personnel Services and Benefits (OPSB), which by statute is responsible for administering an employee training program for employees in the SPMS.

Our audit was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained for our findings and conclusions met those standards.

Objective and Methodology

Our audit objective was to assess the existence and comprehensiveness of formal training provided to Maryland State government management employees in the SPMS to aid in the development of relevant skills to assist them in carrying out their supervisory duties.

To accomplish our objective, we reviewed applicable State laws relevant to management training, OPSB policies and procedures, and interviewed OPSB staff to determine the extent of OPSB's development and oversight of Statewide management training programs. The information and conclusions contained in this report, was primarily based on interviews of appropriate staff who were knowledgeable in the subject matter of the audit, which also included officials from a number of Maryland State agencies, and relevant agencies from other states and the District of Columbia.

⁴ All executive branch employees are in the SPMS, with the exception of those employee positions in a unit with an independent personnel system. Consequently, entities such as the University System of Maryland, Maryland Department of Transportation, Morgan State University, and St. Mary's College employees are not in the SPMS, and DBM's cited authority does not apply.

We obtained a data file from OPSB of all current State employees from DBM's State Personnel System (SPS), which we deemed reliable for our purposes. We used this file for various purposes during the audit, including to obtain statistics detailing the number of managerial positions in State government and to determine the potential impact of any findings or recommendations derived from this audit (including an attempt to determine the number of management employees who had received any relevant training). From this file, we also identified the number of management employees in the SPMS, using position descriptions, who would be the subject population for management training. As of July 17, 2017, we estimated that there were approximately 3,200 SPMS management employees in the SPS (the adequacy of training provided to them was the focus of this audit).⁵

We reviewed available research about management training programs to identify common practices and curriculum. The sources included university level research and training programs offered by such institutions. Our work in this area was generally limited to publicly available research publications, textbooks, and periodicals. This research, as well as our review of information gathered from other states (and the District of Columbia) and certain Maryland State agencies, were used to identify core subjects for a comprehensive management training program.

We contacted human resources personnel of five states (Delaware, Pennsylvania, Tennessee, Virginia, and West Virginia), and the District of Columbia to identify management training programs offered on a centralized basis by those jurisdictions. We obtained course curriculums and other materials describing the content and participation rates for management training provided. We also attempted to determine the satisfaction level of participants in these programs.

Based on our inquiries of State agencies' human resources management, we became aware that four large SPMS agencies each having over 1,000 employees had developed their own training programs for supervisors and/or managers without DBM involvement. These agencies (Maryland Departments of Health, Human Services, and Public Safety and Correctional Services, and the Comptroller of Maryland) had approximately 1,400 management employees.

⁵ We identified approximately 3,200 employees included in SPS with a "management level" of Manager, Director, Agency Executive Management, or State Executive Management. We were advised by OPSB management that employees in these categories were considered management employees. Consequently, we judged that these employees would be the intended recipients of any management training courses or programs, and the subject of this audit.

We therefore obtained, reviewed, and summarized, when available, any course curriculums and other materials describing the subject matter and participation rates for formal management training provided to those agencies' employees. These programs, in many cases, were offered to both managers and supervisors. We then compared the offerings for those programs to the core subjects of a comprehensive management training curriculum. We also attempted to identify participant satisfaction, when measured by the State agencies.

Advice of Counsel Requested to Interpret Governing Laws

As part of our review of State law, we sought clarification about DBM's statutory training responsibilities from counsel to the Maryland General Assembly (MGA). Specifically, the State Personnel and Pensions Article of the Annotated Code of Maryland, Title 10, Subtitle 1, requires DBM to administer an employee training program for all employees in the SPMS, which is under the authority of the Secretary of DBM (as discussed in the Background Information section of this report). Below, we include the questions we submitted and our summary of the responses received from MGA counsel.

1. Does the State Personnel and Pensions Article, Title 10, Subtitle 1, cover training programs for developing the capabilities of management-level employees in State units?

Response: Yes, the State Personnel and Pensions Article Title 10, Subtitle 1, generally applies to all SPMS employees and is quite broad. Except for those instances for which a statute provides otherwise, the DBM Secretary is responsible for "the staff supervision of all development and training" of SPMS employees, including management-level employees.

2. If the State Personnel and Pensions Article Title 10, Subtitle 1, covers management training programs, does DBM have a statutory obligation to develop management training programs to be used by State units?

Response: The State Personnel and Pensions Article Title 10, Subtitle 1, does not impose an obligation on DBM to develop any specific training programs, including management-level programs. Title 10, Subtitle 1, grants the DBM Secretary broad authority over employee development and training; however, it does not require that the Secretary develop specific training courses or programs.

3. To the extent that State units have the authority to develop their own management training programs, does DBM have the authority to mandate some degree of standardization across those programs?

Response: It is counsel's view that State units have the authority to develop and implement management training programs for SPMS employees so long as the programs are consistent with DBM policies and regulations and any statutory requirements. It is also the view of counsel that DBM, pursuant to broad authority in the State Personnel and Pensions Article Title 10, Subtitle 1, may adopt policies and regulations that provide for the standardization of management training programs across State units.

Excluded from Scope

Regarding other governments' or State agencies' established managerial training programs, although we identified some characteristics of the programs and related subject matters included in the programs, we did not review the course content or perform other procedures to assess the quality of those offerings. Also, given our scope was focused on DBM's responsibilities, we did not evaluate the training efforts administered by the four SPMS agencies.

Fieldwork and Agency Response

Our fieldwork was completed during the period from July 2017 through March 2018. A copy of the draft report was provided to DBM – OPSB. The response to our findings and recommendations from DBM – OPSB appears as an appendix to this report. As prescribed in State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DBM – OPSB regarding the results of our review of its response.

Conclusions

We conducted a performance audit of training offered to management employees of agencies under the authority of the Department of Budget and Management (DBM). State law specifies that DBM is the responsible agency for administering an employee training program and adopting the necessary policies and regulations, which includes responsibility for management training.

Investing in people includes providing training programs to employees to assist an organization in achieving its mission and goals. It is particularly essential to establish training programs for management employees considering the key role management plays in motivating, teaching, and developing subordinates.

We found that DBM had not established a formal training program for the approximately 3,200 employees in management positions in agencies under the State's Personnel Management System (SPMS). A formal management training program could help further develop their skills and abilities and train them to perform their duties as efficiently as possible.

Although DBM offered certain training to personnel administrators in SPMS as well as on-line courses on various topics that are available to management employees, neither the training nor the courses focused on all of the eight core subjects of a comprehensive management training program we identified during our research. The eight subjects are leadership, ethics, communication, coaching and motivation, delegation, critical thinking, conflict resolution, and planning.

Six governments outside of Maryland we contacted offered management training programs that were generally administered on a centralized basis for the benefit of employees in their various agencies. The programs offered by four of these governments addressed at least seven of the eight core subjects. The programs offered by the remaining two governments individually addressed at least four core subjects.

Although authorized by State law, DBM had not established regulations or policies for administering management training programs. Such regulations or policies would provide guidance to and oversight of State agencies under SPMS that had unilaterally established training programs for their employees to ensure managers at those agencies had access to quality training opportunities. It could perhaps lead to consistency and comprehensive program content for the training provided across differing agencies. At the

time of our review, DBM was generally unaware of management training programs unilaterally established by agencies in SPMS.

We determined during the course of the audit that four SPMS agencies had collectively established eight training programs for managers or supervisors. Those four agencies individually recognized the need to ensure their managers and/or supervisors received instruction in a variety of topics to improve skills and performance. One training program offered by one agency was mandatory and provided training in seven of the eight core subjects. The training programs offered by the other three agencies covered at least four core subjects. Furthermore, our review of participant survey responses (obtained by agencies after employee participation) from three training programs noted generally positive impressions and stated that the programs were beneficial and would be recommended to peers.

According to formal advice we obtained from counsel to the Maryland General Assembly, the Secretary of DBM, in general, is responsible for the staff supervision of all development and training of employees in the SPMS, including management-level employees, which is to be carried out in accordance with policies and regulations adopted by the Secretary.

Although the law makes DBM responsible, we were advised that it does not impose an obligation on DBM to develop any specific management training courses nor require DBM to adopt policies and regulations for the standardization of management training courses across State agencies. In other words, although DBM is responsible for training, including for management employees, there is no expectation or requirement that a formal management training program be established, as this action is left to the discretion of DBM.

Nevertheless, because of the benefits that could accrue to State agencies who are led by properly trained managers, we believe that DBM, under its statutory authority, should establish and oversee a Statewide management training program, subject to regulations and policies that address and define its responsibilities and those of the affected agencies. Such a program could be administered either centrally or by individual SPMS agencies, and should consider the best practices and content of other management training programs.

Findings and Recommendations

Department of Budget and Management Oversight of Management Training

Finding 1

The Department of Budget and Management (DBM) had not established a formal Statewide training program for management employees in the State Personnel Management System (SPMS) to help them develop their skills and perform their duties efficiently.

Analysis

DBM has not established a formal management training program for agencies under its authority to help managers develop their skills and perform their duties efficiently. Although State law does not specifically require DBM to establish a management training program, it does impose responsibility for the training of all employees in the State's Personnel Management System (SPMS), which includes management employees, and adopting the necessary policies and regulations (see Finding 2). To varying degrees, certain other governments outside of Maryland have recognized the value of administering, on a centralized basis, managerial training programs.

We found the training courses offered by DBM's Office of Personnel Services and Benefits (OPSB) to personnel administrators and to others through its online system do not address certain typical managerial training subject matter. In addition, a record of who attended OPSB's courses was not maintained. Consequently, Maryland government lacks assurance that the approximately 3,200 State employees⁶ in leadership positions under SPMS have received appropriate or necessary training to aid in the development of management skills.

DBM's Training Efforts

DBM had not established a formal curriculum with mandatory management training requirements, although the Statewide training courses offered by OPSB do meet certain particular needs. During our review, we noted two primary avenues for training individuals in management positions – in-person classroom training offered to SPMS personnel administrators and on-line training offered through The Hub. Based on our research, these training sources do not provide certain core subjects of a comprehensive management training curriculum.

⁶ See footnote 5 for an explanation of how we determined the 3,200 State employees.

After comparing management courses offered by selected State agencies under SPMS (see Finding 2), governments outside of Maryland, and from research of authoritative literature, we identified eight subjects that we believe should form the core of a comprehensive management training curriculum. These eight core subjects are as follows:

1. Leadership – act of influencing others toward a goal
2. Ethics – moral principles that govern behavior
3. Communication – process to exchange information
4. Coaching and Motivation – helping employees improve their performance to reach their full potential
5. Delegation – assignment of responsibility or authority to another
6. Critical Thinking – objective analysis and evaluation of an issue to form a judgment
7. Conflict Resolution – process of resolving disputes or disagreements
8. Planning – setting objectives and determining a course of action to achieve those objectives

OPSB provides SPMS agency personnel administrators with optional in-person or on-line training in separate courses focused primarily on human resources topics such as supervision, communication, performance evaluations, employee leave issues, and collective bargaining. According to OPSB management, those personnel administrators who receive this optional training are then expected to provide similar training, using the knowledge they obtained, to their agency employees who they think would benefit. While the courses address certain issues relevant to human resource employees, they do not address many of the core management subjects noted above. Furthermore, the extent of participation is unknown since OPSB had not retained records of those personnel administrators receiving and/or completing its training, nor any State agency employees who received the training second-hand from their agency's personnel administrators.

At our request, OPSB provided a report of what it contended were suitable management courses available on The Hub as of July 2, 2018. Our review of the related report identified 428 training courses, which included 96 courses available Statewide to all employees and 332 courses available to individual agency employees.⁷ Our review of the titles and descriptions of those 96 Statewide courses found that each course was either in subject areas of human resource processes (78 courses in areas such as timekeeping and

⁷ Certain courses placed on The Hub are developed by OPSB and made available to all SPMS agencies through the general SPS logon process, other courses are developed by individual agencies and are available only to the employees of each individual agency through the employee's assigned SPS user access.

benefits recordkeeping) or basic knowledge (18 courses in areas such as computer training), rather than managerial skill sets related to the eight core subjects we had identified. In addition, our cursory review of the list of the 332 course titles on The Hub for individual agencies identified some courses in leadership, communication, coaching, and ethics, but these courses were not available to employees of all agencies.

Management Training Programs Offered by Other Governments

We contacted five state governments and the District of Columbia, which offered management training programs that were generally administered on a centralized basis by agencies responsible for personnel functions. The programs varied significantly in terms of subject matter offered, delivery methods, and duration. In addition, participation in the programs was either mandatory or voluntary; with some voluntary programs having a participant selection process. See Exhibit 1 for a brief description of the programs.

For example, based on the information supplied by those governments, the programs offered by three states and the District of Columbia addressed at least seven of the eight core subjects. The programs offered by the remaining two states individually addressed at least four core subjects. The courses were primarily taught in person with durations ranging from several consecutive days to a variety of courses taught weekly or monthly over the course of years. Courses included group project work or field trips with activities to encourage team building and networking.

Two of the six governments, West Virginia and Pennsylvania, had established a mandatory government-wide program for management employees in state employment. The remaining four governments surveyed (Virginia, Delaware, Tennessee, and the District of Columbia) did not have a mandatory management training program for their employees. Rather, these governments had established management training programs for qualified applicants among current management or supervisors who were deemed to have management advancement potential and/or provided training to managers and supervisors at the individual agency level.

Despite inconsistency in program subjects and format, representatives of those organizations individually expressed to us their belief that their specific statewide program was useful and provided value to their management employees who had completed the program.

Recommendation 1

We recommend that DBM

- a. establish and oversee a statewide management training program to help ensure management employees in the State Personnel Management System receive consistent and appropriate training to aid in the development of management skills. This program could be administered either centrally or by individual SPMS agencies;
- b. consider consulting with other governments and State of Maryland agencies to help identify best practices concerning management training program content and participation; and
- c. consider addressing the aforementioned core subjects, decide whether participation should be mandatory or voluntary, offer a variety of delivery methods, and require attendance records.

Management Training - State Agency Programs

Finding 2

DBM had not established regulations or policies that would provide guidance to and oversight of State agencies that separately established training programs, to help ensure their managers had access to quality training.

Analysis

Although authorized by State law, DBM had not established regulations or policies for administering management training programs. Such regulations or policies would provide guidance to and oversight of State agencies under SPMS that had unilaterally established training programs for their employees to ensure managers at those agencies had access to quality training opportunities. It could perhaps lead to consistency and comprehensive program content for the training provided across differing agencies. At the time of our review, DBM was generally unaware of management training programs unilaterally established by agencies in SPMS.

Four SPMS agencies reviewed (Comptroller of Maryland, Department of Human Services or DHS, Department of Public Safety and Correctional Services, and Maryland Department of Health) had collectively established eight training programs for managers or supervisors. For the purpose of our audit, we also reviewed supervisory training programs that addressed management core subject matter as discussed in Finding 1. Those four agencies individually recognized the need to ensure their managers and/or supervisors receive instruction in a variety of topics to improve skills and performance.

From our review, it appears that DHS' Supervisory Training Program, which was originally designed for supervisors but became mandatory for managers, was the most comprehensive. Our assessment was based primarily on the extent of the subject matter being taught, whether employee participation was mandatory, and the duration of the program, in terms of the hours/days of training provided. DHS established this Program in the summer of 2017 to provide eight days of training (over several months) to all supervisors and management employees in seven of the eight core curriculum subjects we identified. Specifically, the DHS training covered the seven core subjects of leadership, ethics, communication, coaching, delegation, conflict resolution, and planning, plus an eighth non-core subject of performance evaluations.

We were advised by DHS management that the program was also cost beneficial because it was taught by their training staff at DHS facilities. The program was the only one of the eight programs, for which attendance was mandatory, and as of April 6, 2018, DHS records showed that 911 of its 1,152 supervisors and managers (consisting of 902 supervisors and 250 managers) had participated (see Exhibit 2 for available participation and attendance numbers for the four agencies under SPMS).

While the training provided by the other three SPMS agencies to their management and supervisory employees was not mandatory for all managers and was of limited duration, the training programs covered at least four of the core curriculum subjects we identified. In addition, according to those agencies, hundreds of management and supervisory employees voluntarily participated in the various training programs offered by these agencies. See further details in Exhibit 2 where we assessed the number of core curriculum subjects taught and provided the number of training participants.

Our review of participant survey responses (obtained by agencies after employee participation) from three training programs offered by these four SPMS agencies, noted generally positive impressions. We also noted that the participants believed that the programs were beneficial and that they would recommend them to their peers.

While there are differences in the program offerings, it is apparent that the four agencies believe there is value to offering training that addresses topics focused on management skills. In our opinion, these agencies as well as other SPMS agencies could benefit from DBM's guidance and oversight as the State's primary personnel agency.

Recommendation 2

We recommend that DBM establish policies and regulations that address and define its responsibilities and the responsibilities of State agencies in connection with offering management training.

Exhibit 1

Management Training Programs Offered By Other Selected States and the District of Columbia

Page 1 of 1

Government	Number of Programs	Office of Legislative Audits (OLA) Comments
Delaware	1	The Management Development Certificate program is a program for existing management employees that consists of 19 courses taken at the student's own pace over a period of up to five years. We were advised that this program has been in effect since 2003 and that, to date, eight employees had graduated from this program.
District of Columbia	1	The Certified Public Manager (CPM) program is for qualified approved applicants through a partnership with George Washington University. The program consists of 300 hours of graduate level instruction over the course of one year. Approximately 700 employees have graduated from the CPM program since inception 20 years ago, including 200 who are still with DC government. CPM program participants are required to sign a continuance in service agreement to stay employed with DC government for two years after completion or repay the cost of the training.
Pennsylvania	3	The first program provides basic training to all new employees in ethics along with other personnel topics, through its Keystone Academy. In addition, all supervisors and managers are required to receive training in labor relations, performance management, supervision, and other personnel topics.
		The other two programs are more selective from a participant perspective and include an online learning system that provides optional training to management employees, with a variety of courses on more advanced management topics.
Tennessee	3	The "LEAD Tennessee Program" is a leadership development program for qualified applicants established in 2011 to provide experiential learning to improve job performance (that is, supervisory skills). Participants work with an experienced coach to develop an individual development plan that serves as a guide throughout the program, and they complete pre-and post-assessments based on core competencies to gauge their progress.
		The other two programs are intended for higher-level managerial development.
Virginia	2	Two executive and management training programs through a partnership with Virginia Commonwealth University. These programs are available only to qualified applicants nominated by their agency heads. Approximately 2,800 Virginia management employees have graduated from these programs.
West Virginia	1	Requires all supervisors and management employees to take 60 hours of course work upon appointment to their position. Course material covers personnel topics (such as preventing harassment and workplace safety) and management topics (such as supervision, performance appraisals, and the discipline process). In addition, supervisors and managers must obtain 12 hours of training per year on topics like conflict resolution and leading change in difficult times. Courses are taught by instructors from the state's centralized human resources department.

Source: OLA discussions with officials (from noted governments) with knowledge of the management training programs.

Exhibit 2

SPMS Agency Training Programs Course Content Summary

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						Management Core Subjects Covered in Training Program (based on OLA's determination)								
	Agency	Program Description	Number of Management Employees	Number of Supervisory Employees	Number / Category of Training Participants*	Leadership	Ethics	Communication	Coaching and Motivation	Delegation	Critical Thinking	Conflict Resolution	Planning	Total Skills Covered
1	COMP	Comptroller's Supervisory Training Program	75	65	104 (since inception) Managers and supervisors	✓		✓	✓		✓	✓		5
2	DHS	Supervisory Training Program	250	902	911 (since inception) Managers and supervisors	✓	✓	✓	✓	✓		✓	✓	7
3	DHS	Leadership Program	250	902	24 (since inception) Available to all employees	✓	✓	✓	✓		✓	✓		6
4	DHS	Leadership Development Program	250	902	28 (annual) Managers and supervisors	✓	✓	✓				✓	✓	5
5	DPSCS	First Line Supervisor	419	838	275 (annual) Supervisors	✓	✓	✓	✓		✓	✓	✓	7
6	DPSCS	First Line Administrator	419	838	120 (annual) Managers	✓		✓	✓		✓	✓	✓	6
7	DPSCS	Leadership Development Institute	419	838	538 (annual) Managers	✓	✓	✓	✓	✓	✓	✓	✓	8
8	MDH	Leadership Development Program	671	1,109	35 (since inception) Managers and supervisors	✓		✓	✓			✓		4
Frequency of Specific Management Core Subjects Found in the Eight State Agency Programs						8	5	8	7	2	5	8	5	n/a

Note: The SPMS Agency Training Program Course Content Summary key is located on the next page.

Exhibit 2

SPMS Agency Training Programs Course Content Summary

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Key:

- * The number of training participants provided by agency officials were either since inception of the program or on an annual basis.
The number and category of training participants (managers or supervisors) was based upon verbal representations by the agencies.
- ✓ This training course addressed this particular management training topic. Note: the courses may have addressed topics other than the eight core subjects.
- Grey** This training course did not address this topic.
- Bold font** These training courses addressed at least 7 of the 8 core subjects for management training, leading OLA to consider the programs to be comprehensive.
- COMP Comptroller of Maryland
- DHS Department of Human Services
- DPSCS Department of Public Safety and Correctional Services
- MDH Maryland Department of Health

Source: OLA discussions with officials (from noted agencies) with knowledge of the training program course content.



APPENDIX

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

September 20, 2018

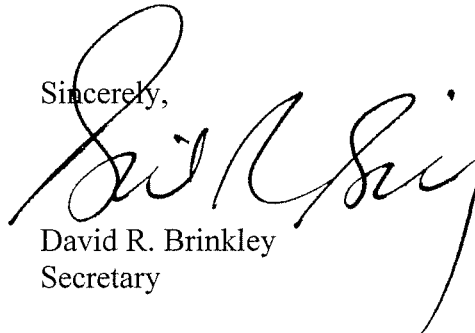
Mr. Thomas J. Barnickel III, CPA
Legislative Auditor
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Barnickel:

The Department of Budget and Management (DBM) has reviewed your draft performance audit report on DBM's Oversight of Training Offered to Management Employees, which is administered primarily by DBM - Office of Personnel Services and Benefits. As requested, our responses to the findings in the report are attached.

If you have any questions or need additional information, you may contact me at 410-260-7041 or Dick Ihrle, the Department's Compliance Auditor, at 410-260-6058.

Sincerely,



David R. Brinkley
Secretary

cc: Marc Nicole, Deputy Secretary, DBM
Brent Bolea, Principal Counsel
Cindy Kollner, Executive Director, OPSB
Catherine Hackman, Deputy Executive Director, OPSB
Joan Peacock, Manager, Audit Compliance Unit, DBM
Charles R. (Dick) Ihrle, Compliance Auditor, DBM

**Department of Budget and Management
Office of Personnel Services and Benefits (OPSB)
Response to Legislative Audits Findings and Recommendations
Performance Audit on DBM's Oversight
of Training Offered to Management Employees**

Finding 1

The Department of Budget and Management (DBM) had not established a formal Statewide training program for management employees in the State Personnel Management System (SPMS) to help them develop their skills and perform their duties efficiently.

Recommendation 1

We recommend that DBM

- a. establish and oversee a statewide management training program to help ensure management employees in the State Personnel Management System receive consistent and appropriate training to aid in the development of management skills. This program could be administered either centrally or by individual SPMS agencies;**
- b. consider consulting with other governments and State of Maryland agencies to help identify best practices concerning management training program content and participation; and**
- c. consider addressing the aforementioned core subjects, decide whether participation should be mandatory or voluntary, offer a variety of delivery methods, and require attendance records.**

DBM OPSB Response 1:

Establishing a formal Statewide management training program for agencies under its authority, as recommended by OLA, is not required by State law. As the responsible agency for administering an employee training program and adopting the necessary policies and regulations, OPSB currently does offer several training options in key areas and where it is believed to be most effective and beneficial, as described below.

Although the report describes the training courses offered by OPSB as “limited”, we respectfully disagree with this characterization. The report acknowledges that we provide training on supervision, communication (which addresses two of the eight subjects identified by the audit as necessary to a comprehensive management training curriculum, communication and conflict resolution), performance evaluations, employee leave issues and collective bargaining. It notes, however, that our courses do not address the other core components (i.e., leadership, ethics, coaching and motivation, delegation, critical thinking, and planning).

Our “peer-to-supervisor” training heavily emphasizes a number of the “core” components of a comprehensive training curriculum, as identified by OLA, including leadership, communication,

managing conflict, delegation and planning. A separate supervisor training that we offer similarly incorporates a number of these “core” components, including leadership, communication, coaching and motivation, and conflict resolution. Our performance evaluation and disciplinary action training modules also incorporate soft skills elements relating to leadership, coaching and motivation, and conflict resolution.

Additionally, when The Hub went live, we worked with the Maryland Ethics Commission to acquire a training module to provide State employees with a basic understanding of the current Maryland State Public Ethics Law. This training module instructs employees on their special obligations as public servants.

According to this finding, the Office of Personnel Services and Benefits offers training that is insufficient to meet what is described as “core components of a comprehensive management training program.” The audit identified eight subjects believed to be necessary to a comprehensive management training curriculum; these are: leadership; ethics; communication; coaching and motivation; delegation; critical thinking; conflict resolution; and planning.

In the analysis that accompanies Finding 1, there is a fair amount of discussion about the management training programs offered by five other state governments and the District of Columbia. According to the report, some of the programs were voluntary and the majority established programs that trained only selected managers.

It would be impossible to agree that these programs are useful models as the report indicates that OLA did not assess the relevance or the thoroughness of the content of training courses provided by these entities. In order to agree that these programs are useful models, the State would have to know, at a minimum: whether the participants’ supervisors were satisfied that the training improved employee performance; whether employee morale increased as a result of the training; and, did employee retention rates rise?

Furthermore, while OLA reports that state representatives individually expressed their belief that their specific statewide program was useful and provided value to their management employees who had completed the program, one could hardly expect that they would say otherwise. According to Exhibit 1, in the 15 years since the inception of the Delaware program, only eight employees have graduated from it. It seems unlikely that the program has much value if less than one person a year has graduated from it.

Notwithstanding these comments, we agree that it would be beneficial to review our training offerings for managers and supervisors. We plan to update the performance evaluation and disciplinary in-person and online training modules to include additional leadership elements.

We agree with the recommendation that DBM analyze existing management training programs and identify best practices for course content and employee participation with the goal of enhancing our

training offerings. We already have begun to examine the work that is being done in agencies that have dedicated training units, with a special emphasis on the work that DHS is doing with its' Supervisory Training Program. We are in the process of gathering materials from agencies and analyzing the information to determine if it is adequate. We will not offer DBM-led training to the staff of agencies where the training is adequate.

We also will consider whether supervisor and manager training should be available to selected employees or all employees, and whether it should be mandatory. On one hand, selecting only certain managers or supervisors for training raises issues of fairness and equal opportunity for advancement, but on the other hand, resource limitations may make it impossible to provide every member of management with training, especially in-person training.

Lastly, we agree that it is important to maintain attendance records to track training participation. We will work with The Hub's administrator to leverage the functionality within that system to permit attendees to sign up for training and to track actual attendance. The system also permits customer satisfaction surveys, and we intend to utilize that functionality, as well.

Management Training - State Agency Programs

Finding 2

DBM had not established regulations or policies that would provide guidance to and oversight of State agencies that separately established training programs, to help ensure their managers had access to quality training.

Recommendation 2

We recommend that DBM establish policies and regulations that address and define its responsibilities and the responsibilities of State agencies in connection with offering management training.

DBM OPSB Response 2:

We agree with the recommendation. The Department of Budget and Management (DBM) will begin to take steps to provide guidance and oversight regarding management training for State employees, especially to State agencies that have provided training to their employees independent of the training provided by DBM.¹

The OLA assessed the value of training provided by SPMS agencies by reviewing participant survey responses and determined that the participant responses were indicative of the general value of management training.² We agree that participant survey results may indicate that participants value training, but their responses do not necessarily mean that the training is valuable.

In order to assess the value of the training, we believe that it would be necessary to delve into existing training programs. This deep dive would aid in determining not only whether participants find the programs to be helpful, but to find out if these training programs tend to enhance performance, positively affect morale, increase chances for promotion, and have a positive impact on retention efforts. We will assess the viability of performing these measurements in the near future using a variety of means. Most likely, this would include conducting trainee surveys before and after training sessions and sending questionnaires to the supervisors of trainees to determine whether there is a noticeable difference in the employee's performance post-training. If feasible, we also may consider conducting an annual review of promotion and retention data to determine if there is a correlation between training and promotional outcomes and retention.

¹ We cannot agree that the Department had a responsibility to ensure that the training included all "critical training topics" since what OLA considers a critical training topic is making its debut in this audit report.

² According to OLA, the survey responses noted "generally positive impressions", responses indicating that the programs were beneficial and would be recommended to peers.

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