MassDOT/MBTA HR Audit

Massachusetts Department of Transportation

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Ernst & Young LLP   Tel: +1 617 266 2000
200 Clarendon Street   Fax: +1 617 266 5843
Boston, MA 02116   ey.com

Mr. James Logan   September 30, 2014
Director of Audit Operations
Massachusetts Department of Transportation
Ten Park Plaza, Room 7130
Boston, MA 02116

Dear Mr. Logan:

Ernst & Young LLP has completed the MassDOT/MBTA HR Internal Audit project. We performed our procedures in accordance with the proposed audit approach and methodology in our statement of work signed April 11, 2014. Our report includes an executive summary, detailed project results, and supplemental informational appendices.

We value the opportunity to work with you and sincerely appreciate the cooperation and assistance both the Massachusetts Department of Transportation (MassDOT) and the Massachusetts Bay Transportation Authority (MBTA) have provided us during the execution phase of this engagement. We would be pleased to discuss any aspect of our approach with you at your convenience. If you have any questions, please contact Shannon Urban at +1 617 375 2336, Frances Marbury at +1 215 448 5646, or Stephen Fuller +1 703 747 1829.

This report is confidential and intended solely for the information of, and use by, MassDOT (i.e., the key persons assigned to the task order as specified in the statement of work), and is not intended to be and should not be used by anyone other than these specified individuals. EY assumes no responsibility to any user of the report other than these key persons. Any other persons who choose to rely on our report do so entirely at their own risk. This report should not be released to any third party without prior written consent from Ernst & Young LLP. The information contained herein is proprietary; please protect the confidentiality of this document and do not make copies.

Sincerely,

EY

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Overview

A governor appointed Board of Directors (BOD), led by the Secretary of Transportation, oversees integrated MassDOT. MBTA's General Manager serves as MassDOT's Rail and Transit administrator. MassDOT operates in compliance with the executive branch policies set forth by the Commonwealth Human Resources Division (HRD), Executive Office of Administration and Finance and the Governor's Office. An advisory board oversees the operations and provides strategic guidance for the MBTA. The MBTA is a separate legal entity and is not subject to executive branch rules, regulations, policies and procedures.

MassDOT employs approximately 4,400 employees to manage highways and roads, plan state-wide aviation, regulate airport security, safety, and navigation, oversee 16 public transit authorities, and manage 40 Registry of Motor Vehicles branches.

MBTA employs approximately 6,300 employees to maintain and operate all five major types of terrestrial mass transit vehicles: commuter rail trains, "heavy" rapid transit (subway/elevated) trains, light rail vehicles (trolleys), electric trolleybuses, and motor buses.

MassDOT uses the Human Resources Compensation Management System PeopleSoft (HR/CMS), managed by the Office of Comptroller and the Commonwealth's MassIT Group as it's official system of record for human capital data. On the other hand, MBTA uses Oracle's PeopleSoft HCMS application for its human capital management. Both organizations manage their staffing activities through separate instances of the recently implemented NeoGov system. For a full list of systems used by both HR departments, please see Appendix C on pages 34-35.

Objectives

The objectives of the MassDOT/MBTA HR audit include:

1) Assessment of the end-to-end staffing and hiring processes

2) Review of procedures related to compliance with applicable state and federal laws and regulations

3) Assessment of HR related policies and procedures

4) Review of HR indicators regarding turnover, employee satisfaction, absenteeism, complaints, and lawsuits

5) Assessment of organizational information (e.g. employee handbooks, job descriptions, personnel records)

6) Benchmarks from other public sector HR departments

7) Opportunities for operational enhancements (e.g. synergies, efficiencies, leading practices, etc.)

For a full list of processes determined to be in and out of scope, please see

Approach

In order to achieve these objectives, we:

▸ Gathered and reviewed relevant documentation (e.g., policies and procedures, organization charts, forms, systems and vendors)

▸ Performed interviews with process owners and key stakeholders for each of the major processes with both MBTA and MassDOT HR staff. As a result of the initial interviews, data analytics and gap analysis, we identified additional functional areas that were integral to the HR operations that were interviewed. For a list of topics discussed in the interviews, please see Appendix D on pages 36-37.

▸ Conducted testing procedures related to compliance with policies and procedures in the following areas for each organization unless noted otherwise: leave management, benefits reconciliation (for MBTA only), off-boarding, staffing, requisition approvals, offer management, pre-employment physical and drug and alcohol test (for MBTA only), mandatory training, and HRIS.

▸ Gathered high-level benchmark data for HR departments in the public sector

▸ Developed a matrix of observations and opportunities for improvement related to areas of risk, HR performance improvement, and future state synergies.

▸ Validated observations with key stakeholders, management, and organizational leadership.

Summary of Observation Themes

As a result, we noted 38 observations which represent control gaps, operational improvements, and/or testing findings. A detailed discussion of each individual observation can be found in Appendix F of this report. However, we have aggregated the observations into themes that we feel are representative of the root cause. While our specific observations provide recommended action steps, we believe considering the root cause will enable both organizations to better support initiatives, become more strategic and improve service delivery.

▸ The HR organizations in both the MBTA and MassDOT lack strategic intent (Key theme – See Page 8)

▸ A number of opportunities exist to improve the overall governance environment within the HR functions (Key theme – See Page 10)

▸ Currently, there is a lack of an integrated, coordinated talent management program infrastructure (Key theme – See Page 15-16)

▸ There are significant cultural differences between the organizations that create barriers to execution (Key theme – See Page 11)

▸ HR service delivery is very manual with minimal integration or organizational knowledge about upstream and downstream activities (Key theme – See Page 12)

▸ Due to gaps in talent, a rapid staffing/hiring program is needed to alleviate current staffing challenges (High value opportunity – See Page 6-7)

▸ While training has been aggregated onto a common platform, significant opportunities exist to enhance current offerings and improve training oversight (High value opportunity – See Page 13-14).

▸ Significant opportunities exist to realize a net gain in efficiency, effectiveness, and cost reduction through synergies that can be developed for the MBTA and MassDOT HR functions (High value opportunity – See Pages 17-23).

▸ Gain insights related to peer performance through high level industry benchmarks (See Appendix A on pages 24-32).

Executive Summary

It is our point of view that the basis for any successful organization is a clear strategy; strongly grounded in organizational values, and clearly ingrained into the operations and culture of the organization. Leading HR functions align their HR activities with the organization's strategic objectives and key drivers that make the business successful (i.e., Cost Management, Value Creation, Risk Management, and Market Differentiation). Furthermore, these leading HR functions maintain this alignment through proactive identification of business challenges, organizational changes and people developments to react in an informed, intentional manner.

The MassDOT strategy; *"Deliver excellent customer service to people who travel in the Commonwealth, and to provide our transportation system in a way that strengthens our economy and quality of life"* provides MassDOT HR with the foundation needed to unite under one HR strategy. In addition, a consolidated HR can define a service delivery model that supports the broader organization and enables the mission and values of the organization.

Studies have shown that integrated talent management programs and practices aligned with this strategy create high performing organizations. Integrating these programs (e.g., linking talent management activities across the processes and directly to business outcomes) improve organizational performance. However, building a 21st century workforce is more than just a staffing/hiring plan and career fairs. For a leading practice multi-year Workforce Development Action Plan, success is contingent upon having rigor in all aspects of the "hire to retire" lifecycle.

After conducting our assessment of the HR function, we believe that the HR organization has several opportunities to mitigate risk, increase efficiency and manage cost. We have found each of these areas to be critical pillars of strength in leading public and private HR organizations:

▸ Define a clear HR strategy that supports the broader business strategy by focusing on tangible value levers to the organization

▸ Strengthen the organizational culture by eliminating silos and perceived barriers to living the organizational values

▸ Improve business decisions by providing analytical (qualitative and quantitative) insights about people and HR operations which are clearly connected to the organizational strategy and business

▸ Create a sustainable hiring process by developing talent pools, defining position competencies, clearing the backlog of 200+ open positions, and identifying opportunities for system integration

▸ Develop a multi-year workforce plan in order to accurately identify and forecast talent needs

▸ Proactively identify the organizational talent demand requirements (i.e., capability and capacity) and align with talent supply drivers (i.e., external talent pools, learning and development initiatives)

▸ Develop an HR organizational structure with clearly defined roles and a single executive charged with creating a single HR function

▸ Create an integrated HR governance structure that aligns with the organization's risk tolerance and broader strategy to clearly articulate compliance requirements, define roles and responsibilities, and validate that HR actions comply with these requirements

▸ Utilize an HR service delivery model (including people, process and technology) that best supports the people of the organization in an efficient, effective, and fiscally responsible manner

These areas are critical to achieving a high performing HR organization. It takes strong leadership and the right tone at the top to consistently drive these concepts deep into the HR organization. It will also take significant investment HR resources (both capacity and capability) to

successfully execute. Furthermore, in many cases these changes will require approval from a variety of stakeholders for both the investment and effort.

Please note that in the following section, certain themes have been identified as a:

- High value area of focus – An area that we have identified as having great need and the potential for a high return on investment

- Root cause – An area that we have identified as an underlying cause for risk and issues in other HR areas

In the "Potential benefits" section, we have indicated the level of risk and effort on a low, medium, and high scale. Under the "Timing assumptions" section, we have indicated the level of timing risk as:

- Low – Minimal potential of risk if not implemented within a short amount of time

- Medium - Potential risk if not implemented within short amount of time

- High - Risk if not implemented within a short amount of time

Staffing and Hiring (High value area of focus)

Current state	
Recent technology upgrades have increased the efficiency of the staffing organization (particularly at MassDOT). However, due to additional funding and a recent hiring freeze a considerable backlog of 200+ open positions exists. This situation is further exacerbated by the complexity of the staffing process (e.g., labor agreements, etc.). As a result of these two factors, significant opportunities exist in both organizations. In addition, the most pressing need is to clear the backlog and then create a sustainable process that is agile enough to react to changes in both the talent demand and hiring environment. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Review open position inventory based on status and prioritize immediate actions** Develop a plan to clear backlog within specific timeframe (e.g. 12-31-14) which is supported by a detailed work plan, timeline, milestones, and metrics. ▸ Identify opportunities for interim support from contingent workforce (e.g. dedicated interview pools, additional pre-screening, serial postings, etc.) ▸ Institute weekly status meetings with all functions to cover approvals, issues, and status review ▸ Complete detailed process review and develop streamlined standardized process with checklist ▸ Identify system integration opportunities (e.g. HRIS, background check system, etc.)
Potential benefits	Risk: High, Level of Effort: High
Timing assumptions	Potential risk to the organization if not implemented within short amount of time

Longer term initiative	
Recommendation	**Develop a strategic Workforce Strategy which is supported by coordinated annual planning** Workforce Strategy activities should include metrics to track, monitor, and report on-going success. Assess the talent demand within the organization on a forward looking basis. ▸ Consider adjustments to staffing strategy in order to identify the right supply of talent ▸ Review anticipated level of hiring and critical position needs to match staffing function ▸ Develop templates to clearly define required skills, knowledge, and behaviors by position ▸ Translate competencies into tactical staffing processes ▸ Identify opportunities to streamline the staffing process and drive efficiency ▸ Review candidate assessment process and evaluate opportunities to eliminate redundancies
Potential benefits	**Risk: High, Level of Effort: High** ▸ Clearer understanding about investments required to execute the staffing process as well as where investment is needed to secure the right competencies for the organization ▸ Aligned actions and more consistent interpretation and action throughout HR across organizations ▸ More opportunity to implement synergies ▸ Breakdown of real and perceived barriers ▸ Greater organizational agility
Timing assumptions	Potential risk to the organization if not implemented within short amount of time

HR Strategy and Alignment (Root cause)

Current state	
HR does not have a clearly defined functional strategic plan aligned with the MassDOT mission, vision, and values that has been cascaded throughout the organization. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Develop a coordinated HR strategy** Develop a coordinated HR strategy that aligns with the organization's goals ▸ Clearly define HR functional mission, vision, and values ▸ Identify one leader who can develop and deliver one HR strategy ▸ Obtain buy in from government sponsors, operational leadership and key stakeholders ▸ Develop an aligned global HR strategy across organizations ▸ Validate throughout the organization
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Align and prioritize HR initiatives, actions, and operations with overall agency/authority intent ▸ Create smart agility empowering HR to act within defined parameters ▸ Improve employee engagement ▸ Foundation for governance, service delivery, culture, talent management, and organizational performance management
Timing assumptions	EY identified this area as a root cause. EY recommends developing initiatives to improve the root cause area. Until action is taken, many of the topics identified in the observations will perpetuate.

Longer term initiative	
Recommendation	**Implement HR strategy** Implement the HR strategy throughout the HR organization and build the right infrastructure to support it. ▸ Cascade the strategic alignment throughout the organization through targeted communications, learning and other programs ▸ Define the needs of the future organization and use them to inform the broader strategy on an ongoing basis ▸ Integrate strategic concepts into governance framework design and restructuring ▸ Develop strategic messages and integrate into unified culture
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Aligned actions, more consistent interpretation from guidance to support action throughout the HR organization ▸ More opportunity to implement synergies ▸ Breakdown of real and perceived barriers ▸ Greater organizational agility
Timing assumptions	EY identified this area as a root cause. EY recommends developing initiatives to improve the root cause area. Until action is taken, many of the topics identified in the observations will perpetuate.

HR Governance

Current state	
Governance within the HR function is reactive in nature. Policies and risk mitigating activities at both organizations developed in response to risks that have been realized in the past. In addition, there are inconsistencies between actions and mitigating activities versus the underlying risk profile. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Develop a consistent policy framework** Create a tiered policy infrastructure which coordinates policies across all organizations, specific groups (i.e., unions), and individual organizations/functions ▶ Create categorized inventory of policy requirements ▶ Develop core policies to establish a baseline ▶ Prioritize requirements and create a timeline to resolve differences and enact changes ▶ Develop non-core policies which are more tailored/specific through parallel efforts from stakeholders ▶ Document key decisions ▶ Centralize ownership and accountability for HR governance structure
Potential benefits	**Risk: High, Level of Effort: Medium** ▶ Delivers consistency across multiple organizations ▶ Harmonization of standards ▶ Decision support ▶ Organized policy structure ▶ Commonality across the organization ▶ Thoughtful governance structure
Timing assumptions	Potential risk to the organization if not implemented within short amount of time

HR Culture

Current state	
Currently, the culture within HR is the product of multiple legacy organizations that have not unified into one homogenous culture aligned with the strategic vision. In addition, cultural silos are exacerbated by the perception and the reality that there continue to be compensation and leadership inequities. These silos impede HR optimization (e.g., standardization, shared services, etc.) and diminish employee engagement and productivity. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Assess the current culture** Deliver a proactive culture of execution excellence, ownership, accountability, and engagement that is aligned with the strategic objectives of the organization. ▸ Identify desired cultural norms ▸ Identify and quantify differences between the current culture and the desired culture ▸ Develop initiatives and targeted interventions (e.g., messaging, meetings, policies) intended to improve the culture ▸ Prioritize cultural initiatives ▸ Identify opportunities to solicit employee feedback ▸ Centralize cultural imperatives under one central HR leader
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Drive accountability and ownership ▸ Become a proactive organization rather than reactive ▸ Ability to identify and correct non-compliance ▸ Opportunity to set new precedents ▸ Drive a more consistent perception ▸ Demonstrate progress to integrate organizations ▸ Significant impact on culture
Timing assumptions	Minimal potential of risk to the organization if not implemented within short amount of time

HR Service Delivery

Current state	
The current HR organizations (MassDOT and MBTA) operate independently. It is clear that each organization has a number of unique requirements; however, significant opportunities exist to create synergies around the execution of HR tasks and transactions. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Assess current HR service delivery** Identify the underlying service requirements of each organization and evaluate where opportunities and synergies exist to improve efficiency. ▸ Develop a process inventory ▸ Align processes with individuals who are responsible, accountable, informed, and consulted ▸ Consider suppliers, inputs, process activities, outputs, and customers for each process ▸ Evaluate each process and consider alternative structures (e.g., outsource, shared service arrangement, centers of excellence, decentralized, etc.) Consider the costs associated with each option, efficiencies gained, strategic intent and performance expectations ▸ Validate that organizational structure, including individual positions, supports task execution, operational requirements and strategic needs
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Increased efficiency and effectiveness ▸ Functional scalability ▸ Reduced cost footprint ▸ Reallocation of resources to more operational and strategic roles
Timing assumptions	Potential risk to the organization if not implemented within short amount of time

Mandatory and Voluntary Training

Current state	
Training has been merged onto one platform and focuses predominantly on courses that are regulatory in nature and designated as mandatory for certain categories of employees. However, there is not a consistent process across all training types (currently diversity is the only training with a formal oversight and feedback process). In addition, management and leadership courses are purely voluntary and generally classroom delivered. This lack of accessibility results in very low attendance. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Create a formal governance framework** Develop process to increase participation and ensure compliance with all mandatory training. ▸ Create an inventory of mandatory trainings ▸ Develop incentives for supervisors to encourage participation ▸ Implement a formal process to ensure accountability for the completion of mandatory training in a timely manner ▸ Identify automated solutions (i.e., kiosks) to provide automated classes to more employees
Potential benefits	**Risk: High, Level of Effort: High** ▸ Improved compliance ▸ Proactive ownership to maintain training compliance ▸ Align HR initiatives, actions and operations with overall agency/authority goals and objectives ▸ Opportunities to create synergies and teaming ▸ Drive customer satisfaction
Timing assumptions	Risk to the organization if not implemented within a short amount of time

Longer term initiative	
Recommendation	**Develop a learning curriculum** Develop learning curriculum to support manager and leadership development at all levels ▶ Understand underlying competencies needed for key positions and broader organization success; align training to meet competency gaps ▶ Develop a core curriculum for employees to progress to next level (e.g., manager, supervisor, etc.) ▶ Identify and implement innovative delivery methods ▶ Annually review organizational needs assessment, (e.g., skill gaps, development needs, etc.)
Potential benefits	**Risk: High, Level of Effort: High** ▶ Decrease skill gaps ▶ Improve employee engagement and productivity ▶ Breakdown of real and perceived barriers ▶ Leadership development ▶ Support for succession planning
Timing assumptions	Risk to the organization if not implemented within a short amount of time

Competency Model

Current state	
Across both organizations, there are few positions with clearly defined and documented core competencies (i.e., knowledge, skills, and behaviors). Position descriptions with clearly defined responsibilities and competencies facilitate selecting the right person for the right job and may expedite the hiring process. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Develop job competency models** Develop position descriptions with clearly articulated roles and competencies for all critical positions. ▸ Identify critical positions ▸ Determine what differentiates high performers from average performers ▸ Identify position specific competencies ▸ Define organizational competencies that align with the MassDOT mission and values ▸ Develop position specific competencies ▸ Develop organizational structure based competency model by positions
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Improved retention ▸ Improved time to full utilization/productivity ▸ Align HR initiatives, actions, and operations with overall agency/authority goals and objectives ▸ Increased speed to productivity for new employees ▸ Decreased cost to hire and increased retention
Timing assumptions	Potential risk to the organization if not implemented within short amount of time

Longer term initiative	
Recommendation	**Create an Annual Workforce Staffing Plan** Develop an Annual Workforce Staffing Plan and implement sustainable process with metrics to track, monitor, and report on-going success. ▸ Review anticipated level of hiring and critical position needs to match staffing function ▸ Develop additional skills, knowledge, and behaviors by position ▸ Review assessment process and evaluate opportunities to eliminate redundancies ▸ Integrate with training needs assessment for organization
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Aligned actions, and more consistent interpretation and action throughout HR across organizations ▸ More opportunity to implement synergies ▸ Breakdown of real and perceived barriers ▸ Greater organizational agility
Timing assumptions	Potential risk to the organization if not implemented within short amount of time

Organization Performance Management (Root cause)

Current state	
The current HR organization is very reactive to immediate needs. There are a number of opportunities to become a performance based organization which consistently evaluates its execution through performance measures and analysis. (Refer to the Appendix E on page 38 to link this theme to specific observations in Appendix F.)	
Near term initiative	
Recommendation	**Implement basic performance measures** Develop performance objectives and utilize metrics to determine trends and performance ▸ Identify desired performance objectives ▸ Leverage data points provided as a result of this engagement ▸ Identify data sources to derive MBTA and MassDOT measures ▸ Periodically reassess performance, track trends, and research changes to root cause **Specific Areas of focus** ▸ Evaluate staffing process efficiency ▸ Identify cyclical fluctuations in leave
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Quantitative support to validate issues, trends, and support hypotheses about key business issues ▸ Key tool to identify positive behaviors and their impact ▸ Detection mechanisms of actual or potential issues
Timing assumptions	EY identified this area as a root cause. EY recommends developing initiatives to address this root cause area. Until action is taken, many of the topics identified in the observations will perpetuate.

Longer term initiative	
Recommendation	**Implement advanced performance management capabilities** Develop advanced performance metrics to make informed decisions regarding HR and organizational strategies. ▸ Understand strategic intent of the organization ▸ Consider how people are an enabler to the strategic intent ▸ Identify a population of desired metrics/analytics/benchmarks ▸ Trace each desired metric/analytic/benchmark to the source data ▸ Link data to tools needed to aggregate and develop measurements
Potential benefits	**Risk: High, Level of Effort: Medium** ▸ Quantitative support to validate issues, trends, and support hypotheses about key business issues ▸ Key tool to identify positive behaviors and their impact ▸ Detection mechanisms of actual or potential issues
Timing assumptions	EY identified this area as a root cause. EY recommends developing initiatives to address this root cause area. Until action is taken, many of the topics identified in the observations will perpetuate.

Identifying Synergies in the Organization

After meeting with the HR teams from both organizations, we learned that there are several initiatives currently underway to consolidate and streamline activities (i.e., Employee Relations, Employee Programs, MassDOT University, and Recruitment). During our review, we utilized several key criteria to identify additional opportunities for synergies. Our criteria were as follows:

▸ Process similarity

▸ Common underlying system

▸ Ability of other public and private organizations to implement similar structures (i.e., centers of excellence, shared service center)

▸ The characteristics of tasks to streamline

In order to successfully achieve the synergies desired, it will be critical to clearly define what the future state organization should look like and take into account the people (focused on capability and capacity), processes (focused on efficiency and effectiveness), and technology (focused on enabling people and process). However, it is noted that this will require considering the impact of any potential change on existing labor agreements.

We believe that MBTA/MassDOT can realize synergies in the following areas. We have also highlighted the level of complexity, level of effort, and timing needed to combine the organizations. We define each as follows:

Complexity	Level of Effort	Timing
Low – Straight forward approach required	Low – Activities can be completed within the purview of people's current jobs	Short Term – 3 months or less
Medium – Potentially several workstreams required; coordination needed across multiple functions	Medium – Activities can be completed with current resources, however, would require extended time from these resources	Medium Term – 1 year or less
High – Many workstreams; significant coordination needed across organizations, teams and resources	High – Need for additional resources to complete integration	Long Term – 3 year plan

1. **Resource planning** – During workforce planning activities, leadership should consider the needs of both organizations. It is likely that there are positions across both organizations that require similar competencies. For these types of positions, consider:

   ▸ Non-traditional talent pools

   ▸ Leveraging staffing programs already in place

   In addition, through joint investment, develop workforce planning strategies which balance intuition with data to proactively identify sufficient capacity and capability.

   Complexity: Medium

   Level of Effort: Low/Medium

   Timing: Medium Term

2. **Candidate sourcing** – Currently, teams manage candidate pools (identified, sourced, and maintained) separately. Consolidating candidate pools (passive and active) yield the following benefits:

   ▸ One set of clearly defined needs

   ▸ One program to promote sourcing from various scarce skills

   ▸ An expanded pool of candidates to consider for open positions

   Also, consider using one devoted team for sourcing. This could be a skillset for a junior staffing resource who could grow into a full HR generalist role.

   Complexity: Medium

   Level of Effort: Medium

   Timing: Short Term

3. **Interview scheduling** – Investing in a dedicated scheduler team would free up HR Generalists to participate more on critical path activities such as sourcing, interviews, and negotiations. Also, consider using remote technology.

   Complexity: Low

   Level of Effort: Low

   Timing: Short Term

4. **Candidate selection** – Utilize one team with the right characteristics (i.e., include HR Generalist to meet state requirements) to perform interviews.

   Complexity: Medium

   Level of Effort: Low

   Timing: Short Term

5. **Onboarding** – Create a dedicated team to perform the onboarding process for both organizations. These individuals would coordinate key forms (i.e., I-9, W-4), interface directly with new hires, run common programmatic elements (i.e., sexual harassment training), and coordinate unique requirements (i.e., department specific training).

    Complexity: Medium

    Level of Effort: Medium

    Timing: Medium Term

6. **Training** – Currently, trainings have been aggregated into one platform. While different organizations and groups have different training requirements, pooling resources into a central team can provide improved tracking of completion, execute common trainings, and coordinate different trainings.

    Complexity: Medium

    Level of Effort: Low

    Timing: Medium Term

7. **Leave – Pool resources to** centralize the leave administration process around many of the strong practices currently used by MassDOT. This will centralize administration, improve practice, and hopefully reduce the number of erroneous/fraudulent claims due to an increased focus and ability to follow up.

    Complexity: Medium

    Level of Effort: Medium/High

    Timing: Medium Term

8. **Data storage** – Currently, leadership has started to evaluate alternatives for data storage. Working together will increase the negotiating power with data storage providers. It will also provide a sound baseline for many initiatives intended to drive synergy as well as improvements to organizational performance management.

    Complexity: Low

    Level of Effort: High

    Timing: Long Term

Area of Synergy	Technology	Process	People
Workforce Planning	NeoGov system has a strong foundation to support resource planning. It will be critical to integrate operational data into the planning process.	Several initiatives have begun to gain a better understanding of resource requirements. Process requires more rigor, emphasis on data, and a defined sequence of activities throughout the year.	Both teams recognize that this is a huge need. Opportunity exists to develop the strategic workforce planning competency within the organization.
Candidate Sourcing	NeoGov system has a strong foundation to support resource planning. Functionality should be developed/turned on to maintain a combined pool of qualified candidates on an ongoing basis.	Modify current process to identify talent pools not currently considered by both staffing organizations (e.g., Passive Talent Pools, Current Employees at both organizations, Social Media, etc.). MBTA needs to define its selection criteria further.	Align staffing team competency with the desired future state of sourcing. Consider putting junior staffing resources in the sourcing role to graduate to a full HR Generalist.
Interview Scheduling	Identify the right scheduling tool to track all activity and with the ability to summarize for managers to evaluate and manage workflow.	Define critical criteria to apply to requisitions/open positions to match them with the appropriate HR Generalist.	Develop profiles which highlight the HR Generalist competencies and interests to organize workflow. Identify competency gaps and target open positions to employee strengths and interests.
Candidate Selection	Consider automating the interviewer feedback calculation process.	Develop a common baseline to integrate the two organizations. Layer in unique selection process requirements, as appropriate.	Free up HR Generalists to participate in required activities (i.e., interviews) with support from other team members to drive sourcing and coordination.
Onboarding	Currently no system in place for onboarding. Likely an opportunity to integrate current systems to drive integrated automation.	Opportunity to merge common tasks and processes. Clear opportunity to co-develop programmatic elements such as employee immersion and training.	Consider devoted resources to coordinate onboarding and execute common tasks (i.e., forms management).
Training	Training has been aggregated onto a singular training platform. Identify opportunities to provide computer access, including remote access to more resources.	Tone at the top as well as manager support required to drive mandatory training compliance.	Evaluate the sufficiency of current resource capacity given the volume of requirements.

Area of Synergy	Technology	Process	People
Leave	Currently managed on separate systems. Would require system integration and/or shared access. Consider implementing self service capability/fax requirements to standardize and automate the submission process.	Opportunity to streamline administrative activities based on initial triage linked to specialized areas (FMLA, Sick, ADA).	Organize resources based on competency. Align data entry, administrative tasks, and interpretation with appropriate competencies.
Data Storage	Many manual, paper based processes. Significant need to digitize data. Performing a joint vendor selection will improve the buying/negotiating power needed to obtain automated solutions.	Focus on developing a process to digitize data going forward. This process will need to consider access rights as well as monitoring controls.	Once automated solutions have been selected, implement training for users.

Appendices

Appendix A - Benchmarks

The goal of benchmarking during this HR Audit is to help provide a reference to where MassDOT and MBTA compare to similar organizations and to determine areas for process improvement. The following benchmark data is derived from the SHRM Customized Benchmarking Database. In order to benchmark MassDOT and MBTA to comparable organizations, these figures were compiled from State and Local Government Organizations with 750+ employees. While these figures are designed to be comparable to MassDOT and MBTA, any interpretation of this data should be performed with the understanding that no two organizations are exactly alike. For example, a deviation between MassDOT/MBTA's figure for job satisfaction and the comparative figure is not necessarily favorable or unfavorable. It is an indication that additional analysis may be needed. Since organizations differ in their overall business strategy, location, size, and other factors, we have used this data as a tool for decision-making considerations rather than an absolute standard. Throughout this benchmarking data appendix, we have included data received from MassDOT and/or MBTA where applicable.

What benchmarking is	What benchmarking is not
A set of guidelines for what the future of the organization might look like	An indictment of the current state of the organization
Examples of the results other companies have achieved	A determination of where the company should be
A data set to use to generate discussion around options	A perfect analysis using exactly similar companies
Insight into peer and competitor performance and practices	A rigid model that is the ultimate solution or result of a final design
A starting point for the high level design of the future state	Improved by more data—more is not necessarily better

Annual Turnover Rates

Turnover at MassDOT and MBTA is largely related to temporary employees. Temporary employees represent about 4% of the MassDOT workforce; thus, their inclusion in turnover calculations significantly influences the overall turnover figures. Excluding temporary employees, MassDOT employee turnover is significantly less (~3.5%-4.5%) than benchmarked figures. While low turnover is typically positive because it enables the organization to maintain organizational knowledge and engagement, low turnover can also be a detriment to the organization if it is retaining people who do not have the right skills sets, motivation, and/or engagement.

MassDOT annual turnover rates
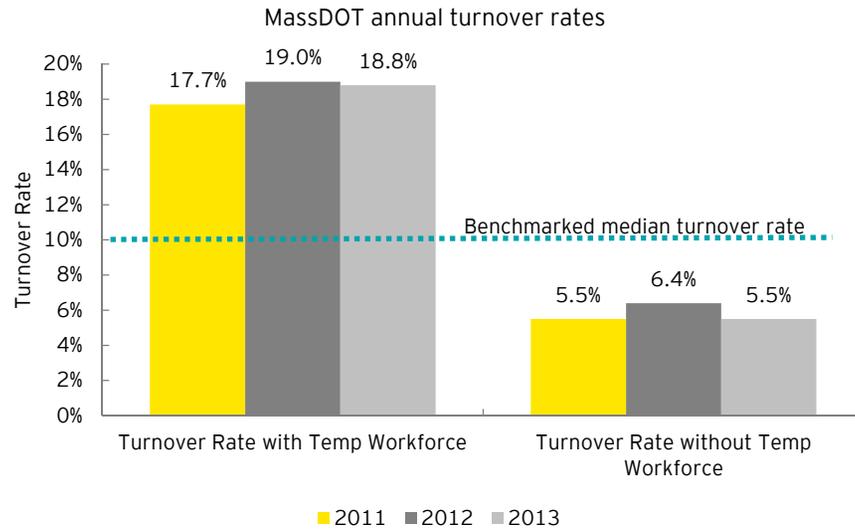
SHRM report — annual turnover rates				
	25th Percentile	Median	75th Percentile	Average
Annual overall turnover rate (n=30)	6%	10%	15%	13%
Annual voluntary turnover rate (n=23)	2%	7%	13%	8%
Annual involuntary turnover rate (n=23)	0%	1%	3%	6%

Overall Satisfaction with the Organization and Job Satisfaction

In 2011, MassDOT and MBTA conducted an employee survey measuring employees' opinions on MassDOT and MBTA's values and environment. (See chart below on the left.) MassDOT and MBTA's satisfaction levels are about 6-7% less than the benchmarked figures. It is important to note that survey participation was very low (19%), which makes it difficult, statistically, to meaningfully draw conclusions. Employee satisfaction with the job and organization is a key indicator for employee engagement, absenteeism, and turnover.

MassDOT and MBTA 2011 employee survey results		
Positive statements on:	Strongly agree/agreed	Strongly disagree/disagree
Communication	63%	18%
Culture	65%	15%
Trust and Respect	50%	25%
Leadership	55%	20%
Average of responses concerning MassDOT and MBTA's values and environment	58.25%	19.5%

SHRM Report – Overall Satisfaction

	Satisfied	Neutral	Dissatisfied
Overall Job Satisfaction	72%	15%	13%
Overall Satisfaction with Company	65%	13%	23%
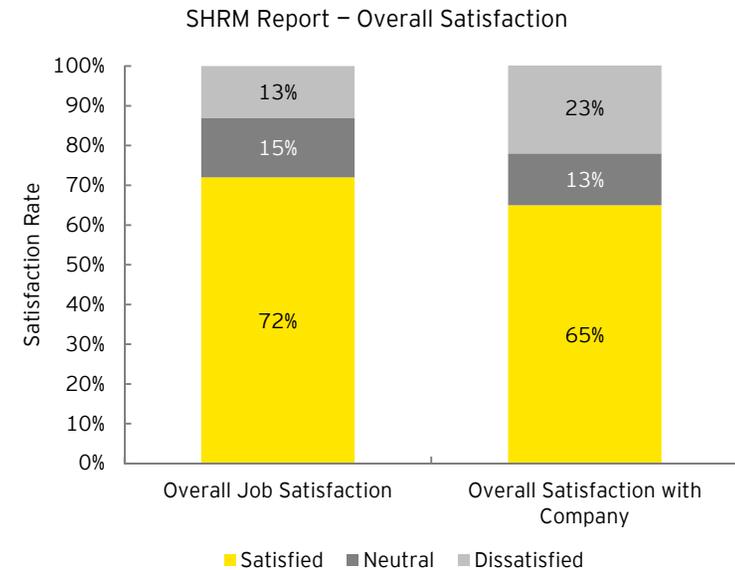
Work Environment

Establishing a work environment that is conducive for employees to be productive and satisfied at work is an important goal organizations should strive towards. While MassDOT and MBTA's 2011 employee survey measured some of the benchmarked items below, they did so by asking the participant whether or not he/she agrees with a statement about the organization (vs. satisfied/dissatisfied), making it difficult to compare the MassDOT and MBTA's survey results with the benchmarked items.

Work environment

Item	Satisfied	Neutral	Dissatisfied
Organziation's Commitment to a Diverse and Inclusive Workforce (n=262)	57%	32%	11%
Organization's Financial Standing (n=232)	59%	24%	16%
Variety of Work (work on different projects, use different skills) (n=265)	71%	19%	10%
The Work Itself (interesting, challenging, exciting, etc.) (n=270)	77%	13%	10%
Contribution of Work to Organization's Business Goals (n=251)	66%	27%	8%
Relationships with Co-Workers (n=269)	77%	16%	7%
Overall Corporate Culture (n=268)	52%	25%	23%
Organization's Commitment to a 'Green' Workplace (n=244)	46%	39%	15%
Organization's Commitment to Corporate Social Responsibility (n=255)	44%	35%	21%
Meaningfulness of Job (n=267)	74%	18%	8%
Job Security (n=267)	69%	16%	14%
Feeling Safe in the Work Environment (n=268)	74%	17%	9%

■ Satisfied ■ Neutral ■ Dissatisfied

Engagement Opinions and Behaviors

In organizations with high productivity, effectiveness, and quality of work, high employee engagement opinions and behaviors are commonly seen. The Society of Human Resource Management defines personal engagement as "the feelings of urgency, focus, enthusiasm and intensity…the energized feeling that an employee has about work." Employees with high personal engagement tend to also exhibit engagement behaviors, which have a positive impact on the success of the organization. Employees with high engagement will generally agree or strongly agree with the benchmarked statements. The 2011 employee survey conducted by MassDOT and MBTA did not include survey questions surrounding engagement opinions and behaviors. Adding these topics would enhance the next survey and better help identify specific opportunity areas.

Engagement opinions
(n = 270)

Statement	Satisfied	Neutral	Dissatisfied
Completely focused on work projects	67%	22%	11%
Putting effort into work	70%	22%	9%
Passionate and excited about work	68%	19%	13%
Involved in volunteer activities beyond job requirements	56%	23%	21%
Completely plugged in at work	48%	32%	20%
Wrapped up in work	67%	20%	13%
Highly motivated by work goals	68%	24%	8%
Determined to accomplish work goals	88%	10%	2%

Legend: ■ Satisfied ■ Neutral ■ Dissatisfied

Engagement behaviors
(n = 270)

Statement	Satisfied	Neutral	Dissatisfied
Employees in organization are flexible in unpredictable work situations	53%	24%	23%
Work group is flexible in expanding scope of work	46%	34%	21%
Employees in organization volunteer for new projects	37%	37%	26%
Employees in organization embrace unexpected responsibilities	38%	33%	29%

Legend: ■ Satisfied ■ Neutral ■ Dissatisfied

Expectations for Revenue and Hiring

With a large percentage of MassDOT and MBTA's workforce eligible to retire, both organizations have been under pressure to hire and train new employees to fill current and projected empty positions. In addition, both organizations have been struggling to fill and retain employees in several positions. In 2011, 2012, and 2013 MassDOT hired about 760, 801, and 859 new employees respectively. Below are benchmarked results from similar organization about expectations for organizational hiring and types of HR positions organizations expect to hire in the coming year.

Expectations for revenue and organizational hiring
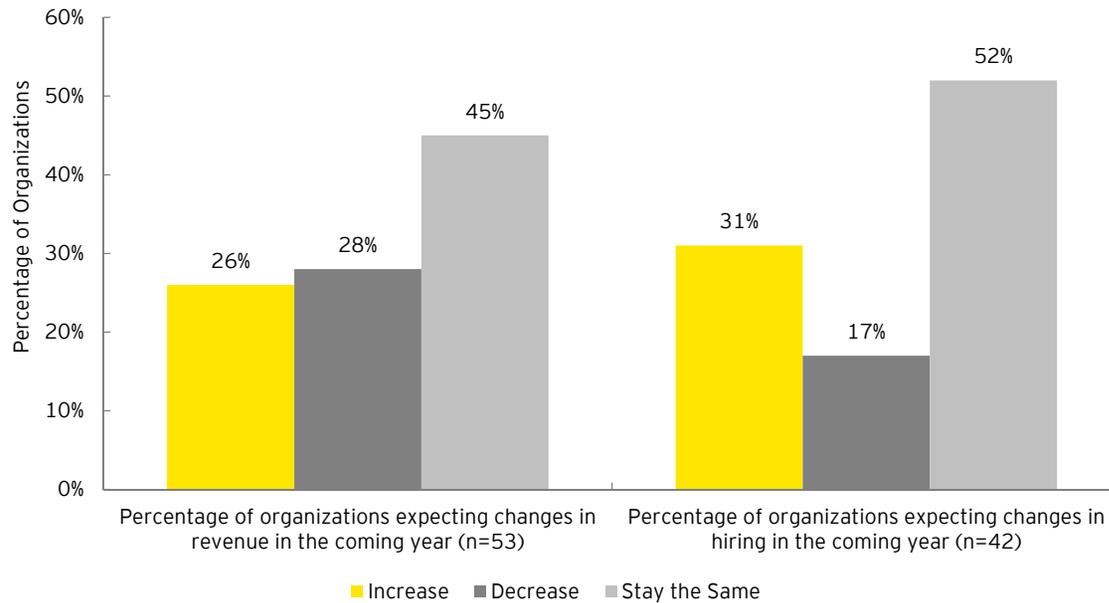
Types of HR positions organizations expect to hire in the coming year (n=21)	
Administrative support	24%
Benefits	29%
Compensation	14%
Director or above	5%
Diversity	0%
Generalist	48%
HRIS staff	29%
Recruiting/Staffing	10%
Other	33%

Employment Data

The following benchmarked items summarize employment and hiring data. MassDOT's average time to fill open positions is about 90 days*, which is almost twice as much as the benchmark figure. During testing, we noted the total requisition approval process took as long as 38 business days at MassDOT and 65 business days at MBTA. The fact that requisition approval time sometimes take as long as the benchmarked time-to-fill is an issue that both organizations should investigate further.

Employment data				
	25th Percentile	Median	75th Percentile	Average
Number of positions filled (n=33)	48	250	442	499
Time-to-fill (n=32)*	31 days	51 days	62 days	52 days
Cost-per-hire (n=19)	$283	$2,000	$4,285	$2,357
Employee Tenure (n=53)	7.8 years	12 years	15 years	12 years
*Time-to-fill days were calculated by using calendar days, including weekends and holidays				

Average time-to-fill
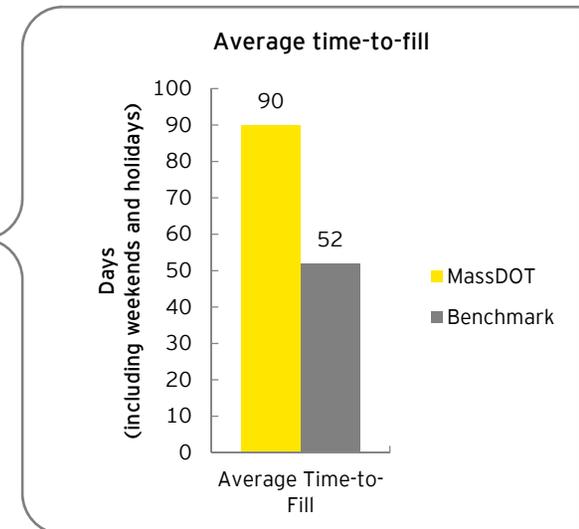
* Because NeoGov was recently implemented, only one position has gone through the system from start to finish. Thus, MassDOT's average time-to-fill is based on one data point.

Succession Planning

Both MassDOT and MBTA recognize the need for succession planning and have high level plans within their workforce planning documents. However, both these plans are in their infancy. The chart below shows a breakdown of the positions included within an organization's succession plan.

Positions included within the organization's succession plan (n=11)	
Executive Team	73%
Senior Management	73%
Middle Management	36%
Individual Contributor: Professional	18%
Individual Contributor: Non-Professional	9%

HR Data

The following are general benchmarked HR expense and department data. While EY did not receive sufficient HR expense or department data from MassDOT/MBTA, we recommend that MassDOT and MBTA analyze these benchmarks as a point of reference. HR-expense-to-operating-expense ratio depicts the amount of HR expenses as a percentage of total operating expenses, which is also an indication of the amount of money an organization invests in its HR function. HR-expense-to-FTE ratio represents the amount of human resource dollars spent per full-time equivalent (FTE) in the organization.

HR expense data				
	25th Percentile	Median	75th Percentile	Average
HR expense to operating expense ratio (n=14)	0.2%	0.4%	0.8%	0.5%
HR expense to FTE ratio (n=20)	$468	$651	$1,415	$926

The HR-to-employee ratio provides a way to compare HR staffing levels between organizations. It represents the number of HR staff per 100 employees supported by HR in the organization. The percentages in HR staff in varying positions help organizations understand how their HR department is organized and staffed. MBTA's HR department is severely understaffed with an HR-to-employee ratio of .45 (less than half of the benchmarked average of 1.07). An understaffed HR department can lead to a myriad of problems and inefficiencies in HR service delivery, talent management, etc., ultimately leading to the inability to achieve critical, strategic organizational goals.

HR department data				
	25th Percentile	Median	75th Percentile	Average
HR-to-Employee Ratio (n=54)	0.62	0.87	1.22	1.07
Percentage of HR staff in supervisory roles (n=48)	18%	25%	33%	26%
Percentage of HR staff in professional/technical roles (n=49)	33%	50%	64%	49%
Percentage of HR staff in administrative support roles (n=51)	17%	29%	40%	30%

SHRM benchmark citations:
- Society for Human Resources (SHRM) Benchmarks. Human Capital Customized Benchmarking Report for State and Local Governments with 750 or More FTEs. Alexandria, Virginia: SHRM, 2014.
- Society for Human Resources (SHRM) Benchmarks. Job Satisfaction and Employee Engagement Customized Benchmark for State and Local Governments with 750 or More FTEs. Alexandria, Virginia: SHRM, 2014

Appendix B – Scope of Work

Below is a list of HR processes that were determined to be in and out of scope.

Processes within scope	
Timeliness of Staffing and Hiring	Termination (i.e. Off-boarding)
Staffing and Hiring, Policies, Procedures, and Process Flow	Employee Retention
Recruitment Reference, Background, Citizen and Identity Checks	Workers Compensation and Benefits
Monitoring of new hire progress and communication of progress status updates to user areas	Absenteeism Rates
Personnel Records	Employee Turnover
Performance Management	Employee Satisfaction
Decision-Making Process regarding job grade levels, salaries, employment trend tracking, and succession planning	Human Resource Self-Assessment Process (i.e. HR Organizational Performance)
Mandatory Training Requirements	Safeguarding Confidential Information
Leave Management	Documentation and Filing Systems

Processes out of scope	
Application Content	Decision-Making Process regarding consultant hiring/outsourcing
Wage and Hour Compliance	Job Descriptions
Employee Handbooks	Complaints and Lawsuits

Appendix C – HR Systems Used by MassDOT and MBTA

Below is a list of systems used by MassDOT and MBTA's HR departments.

MassDOT		
System	Function	Key contacts
PeopleSoft HR/CMS	HR and Payroll Management System	HR – Matt Knosp/Linda Webber Payroll – Nancy Christo
NeoGov	Electronic Hiring Process System	Matt Knosp/Justin Shrader
LaborSoft	Labor and Employee Relations	Maria Rota
ACES	Management Performance Review System	Peggy Dozier
MAGIC	Benefits – Group Insurance Commission System	April Coleman-Jean
Commonwealth Information Warehouse (CIW)	Use to pull info out of HR/CMS and a few other places	
MMARS – Labor Cost Management module (LCM)	Accounting System, from which only use Labor Cost Management (LCM) module, which determines the breakdown of employee pay into various accounts. Mostly a Payroll/Fiscal system, but HR does the initial setup for new employees and occasionally report off of it via CIW	
MTA PeopleSoft	PeopleSoft platform used by Turnpike before Nov. 2009. No longer active, but use for historical purposes.	
Access and HR/CMS	Access used for leave reports. HR/CMS used for tracking FMLA codes.	Karen O'Neil

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MBTA		
System	Function	Key contact
PeopleSoft HCMS (old)/NEOGOV (new)	Job Requisition Approval/Job Posting Management/ Applicant Tracking/Job Offer Approval/	Donna Scott
PeopleSoft HCMS	Hire Request Approval	Anthony DeMarco
PeopleSoft HCMS	HR Management System	Anthony DeMarco
PeopleSoft HCMS	Position Control Management	Anthony DeMarco
PeopleSoft HCMS	Personnel Action Change Request Approval	Anthony DeMarco
PeopleSoft HCMS	Benefits Management	Nancy Short
MAGIC	GIC Benefits Tracking	Nancy Short/GIC
PeopleSoft HCMS/Excel Spreadsheet	Performance Management	Paul Andruszkiewicz/Anthony DeMarco
PeopleSoft HCMS	Disciplinary Action/Grievance Tracking	Gildo DiMambro (Labor Relations)
TRACS	Transportation Seniority Tracking	Maureen McClellan (Rail)/Toneya Osgood (Bus)
Mainframe	Integrated Pick System (IPS) PICK	Tom Oates (ITD)/Cheryl Rumble (Plans and Schedules)
PeopleSoft HCMS	Payroll	Pattie St. Denis (Payroll)
Mainframe	Timekeeping System (TKS)	Suresh (ITD)
Access	Leave Management – FMLA	Kathleen White
PeopleSoft	Leave Management – ADA	Khia Hunter-Dillon
Access	Leave Management – Sick	Thedie Walsh

Appendix D – Summary of Interviews

Below is a list of topics discussed with the leadership and HR stakeholders. The information gathered from the interviews played a considerable role in helping us identify areas of need, risk, and improvement.

Organization	HR Stakeholder(s)	HR Process(es) Discussed in Interview
MassDOT	Michael Lee, *Department Manager, Benefits and Leave Administration*	Benefits, Off-boarding, Policy
	Joan Mackie, *Department Manager, Classification*	Drug and Alcohol, Classification
	Virginia Turner, *Acting Department Manager, Employee Relations*	Employee Satisfaction
	Michael Lee, *Department Manager, Benefits and Leave Administration* Karen O'Neil, *Leave Administrator* Maria Tobias, *Leave Coordinator*	Leave Management
	Augusto Grace, *Assistant Director, Education and Development*	Mandatory Training
	Swee Lin Wong-wagner, *Director of Human Resources*	Organizational Performance
	Christine Mountain, *Staffing Manager*	Staffing
	Fran Duggan, *Representative, Workers' Compensation*	Workers' Compensation
	Matthew Knosp, *HRIS Manager*	Systems
	Frank DePaola, *Administrator of Highway Division*	Retention, Staffing, Reclassification, Labor Relations
	Maria Rota, *Deputy Director, Labor Relations*	Labor Relations

Organization	HR Stakeholder(s)	HR Process(es) Discussed in Interview
MBTA	Anthony DeMarco, *Sr. HR Analyst*	Absenteeism, Off-Boarding, Organizational Performance
	Nancy Short, *Benefits Manager*	Benefits
	Kate Legrow, *Deputy Director of Occupation Health Services* Jim Dooley, *Representative, Workers' Compensation* John Kelly, *Representative, Workers' Compensation*	Drug and Alcohol Workers' Compensation
	Lindsey Diforio, *EEO Coordinator*	Employee Programs
	Paul Andruszkiewicz, *Assistant Secretary of Human Resources, MassDOT/MBTA*	Leave Management, Classification
	Khia Dillon, *Leave Coordinator* Thedie Walsh, *Leave Coordinator* Kathleen White, *Leave Coordinator*	Leave Management Process Walk-through
	Christine Bond, *Director of Education and Development*	Mandatory Training
	Beverly Gudanowski, *Counsel, Employment Practices*	Policy and Records Management
	Donna Scott, *Assistant Director of Staffing*	Staffing
	Donna Scott, *Assistant Director of Staffing* Mary Dunderdale, *HR Generalist* Vanessa Prince, *HR Generalist* Val Tucker, *HR Generalist*	Staffing Process Walkthrough
	Ted Basta, *Chief, Strategic Business Initiatives and Innovation*	Staffing, Training, Leave Management

Appendix E – Observation Mapping

The chart below links each observation in the observation matrix to the various themes (pg. 5-15) presented in the final report.

Mapping of themes to observations			
Theme	Observation	MassDot impacted?	MBTA impacted?
HR Strategy	14, 15, 16	Yes	Yes
Governance	6	Yes	Yes
Culture	8.1, 8.2, 11	Yes	Yes
HR Service Delivery	3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 4.4, 4.5, 7.1, 7.4, 7.5	Yes	Yes
Talent Management (includes Staffing, and Hiring, Mandatory and Voluntary Training, and Competencies)	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 2.1,2.2, 5, 7.2, 7.3, 10, 12, 13	Yes	Yes
Organizational Performance Management	9	Yes	Yes

Appendix F – Observation Matrix

As a result of our procedures, we identified a number of observations which could be classified as testing failures, leading practice observations, and/or identified control gaps. The intention of the matrix is to provide the detail behind each observation, define action and accountability, and prioritize action steps. A more detailed observation matrix was developed and shared with management to support the content of this report. This detailed observation matrix includes the process owners, underlying risks, and remediation deadlines in addition to the areas seen in the observation matrix below. **Please note** that certain observations have "Leading Practice Recommendation" noted under the level of effort, risk level, and timing. These observations were independent observations identified by the EY team. In many cases, these are leading practices and/or root cause considerations.

		Severity	Level of Effort	Risk	Timing
MassDOT/ MBTA Observation Matrix		Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
		Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
		Level 3	Requires minimal amount of effort within the purview of current activities	Minimal impact or unlikely to be material on a financial disclosure	Minimal potential of risk if not implemented within short amount of time

#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
1.1	Staffing	MassDOT and MBTA	**Implement additional pre-screening process** Currently there is a screening process for minimum requirements that frequently yields large pools of applicants (as much as 90-120.) This pool is currently reviewed and evaluated by hiring managers and functional staff. Additional screening by HR Generalists could potentially eliminate candidates without the appropriate skills, knowledge and behaviors and streamline the staffing process and provide the hiring manager additional information to direct them towards the right candidate. Including these additional screening options in negotiations between Labor Relations and union groups as preferred qualifications for candidates can enhance the effectiveness and support the goal of identifying the right candidate. Additional screening could include: - Employee Testing (e.g. Personality, Math, Writing, Job specific, work related elements or tools, etc.) - Telephone screening interviews by assistants or temps using standardized set of questions - Customized skills, knowledge, behaviors based on position and job classification - Implementing Competency models (skills, knowledge, behaviors) for each position **Leading Practice:** Online job application screening questions support EEO compliance. The HR Generalist conducts the first-level candidate pre-screening. Sourcing and pre-screening are linked to desired job skills and qualifications.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. Supervisors, HR Generalists) - Define roles and responsibilities - Create improvement objectives and performance criteria - Create competency models by positions - Identify criteria which can narrow down the candidate pool to a manageable number - Implement practices to complement and enhance the differentiating criteria - Conduct telephone screens (with HR Generalist), with a standardized list of questions - Create a standardized scoring methodology for each step of the interview process - Initially validate practices are equitable to each candidates and periodically validate that discrimination hasn't occurred - Create an "Expected Score" column which is the average of all successful candidate scores - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 2	Level 2	Level 2	

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
Level 3	Requires minimal amount of effort within the purview of current activities	Minimal impact or unlikely to be material on a financial disclosure	Minimal potential of risk if not implemented within short amount of time

#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
1.2	Staffing	MassDOT and MBTA	**Develop protocols and checklist for Offer Management** Currently, there is inconsistency in the offer management process, including informal conversations related to compensation, without appropriate approvals or sanction. An offer checklist should be completed for each candidate offer that includes appropriate documented approvals and reviews (e.g. candidate, total compensation, dates, any language that deviates from standard format, terms and conditions, etc.) by functional and business hierarchy. **Leading Practice:** A formal and coordinated process around offer approval, creation, and delivery should exist between appropriate functional and business leaders including, HR/staffing, compensation, legal and the Hiring Manager.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, and Compensation) - Define roles and responsibilities - Create improvement objectives and performance criteria - Define desired future state process and checklist - Document the process requirements - Identify options to enable the process so desired options implement - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 2	Level 2	Level 2	

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

1.3	Staffing	MassDOT and MBTA	**Expand performance metrics**
			The NEOGOV system affords opportunities to monitor and track staffing activity with key performance metrics. We recommend developing performance metrics that consider the critical objectives of the business leaders, milestone process steps, the unique agency process nuances, and the desired efficiency and effectiveness of service delivery. HRIS and staffing should work together to develop these metrics. Metrics to consider include:
			Basic Metrics
			  - Number of Positions Filled
			  - Time to Fill (Requisition Timing, Posting, Interviewing, Hiring Decision, Onboarding)
			  - Average Tenure (3 mos. 9 mos. 1 to 3 years, etc.)
			  - Annual Turnover Rates (Voluntary Rates, Involuntary Rates, Quality of Attrition)
			Advanced Metrics
			  - Cost to fill
			  - Hiring of top performers
			  - Time to productivity
			  - Onboarding Completion Days
			
			Leading Practices: Leading organizations focus on continuous improvement and drive maximum value to their customers, stakeholders, and impacted entities. Effective performance management ensures that measurement activities and tools align with the broader mission, vision, and values of the organization. Leading practice organizations are working to heavily integrate data into performance evaluation in the form of KPIs and analytics. Achieving this level of maturity requires data standardization and system integration in conjunction with reporting and analytical tools.
				- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Payroll, Compensation, Supervisors, IT who would use Hiring data/ reports to make business decisions)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Define overall organizational and functional objectives
				- Identify desired metrics
				- Identify sources of data to create metrics
				- Identify tool options to create metrics
				- Select a tool to create the metrics
				- Assess progress against metrics (e.g. no. of days required to create a hiring report)
				- Conduct follow up activities/audits to validate
					Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
Level 3	Requires minimal amount of effort within the purview of current activities	Minimal impact or unlikely to be material on a financial disclosure	Minimal potential of risk if not implemented within short amount of time

#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
1.4	Staffing	MassDOT and MBTA	**Staffing Workflow** The Staffing Department's primary challenge is the lack of available resources (e.g., HR Generalists), which may limit the department's ability to fully implement a new staffing workflow. Currently, the staffing workflow tends to be based on location (MassDOT) or almost solely on HR Generalist availability (MBTA). Consider improving coordination of the staffing workflow by organizing open positions based on criteria such as HR Generalist availability and experience (i.e., type of candidate, union requirements etc.). Taking such steps should better balance the workload and improve the efficiency and effectiveness of the overall staffing process. **Leading Practice:** Leading organizations balance their resources with the work to be executed and prioritize areas of focus based on business needs.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Hiring Managers, Supervisors, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify the strengths and weaknesses of the staffing team - Periodically assess priorities and align resources and development opportunities accordingly - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 2	Level 1	Level 2	

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
Level 3	Requires minimal amount of effort within the purview of current activities	Minimal impact or unlikely to be material on a financial disclosure	Minimal potential of risk if not implemented within short amount of time

#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

1.5	Staffing	MassDOT and MBTA	**Implement behavior based interviewing**
			The interview and selection of candidates at both organizations generally utilizes leading practice methodology, for example:
			  - A consistent candidate interview form is used
			  - Hiring decisions are consistent and include HR
			  - Candidate assessments include position specific skills and knowledge
			  - Panel interviews are standard
			Currently, there is a lack of formal behavior based interview questions. However, leading organizations use behavior-based interview questions such as:
			  - Describe how you have worked effectively under pressure?
			  - Describe a decision you mad that was unpopular and how you handled it?
			  - Have you gone above and beyond the call of duty? Describe how?
			
			While behavior based interview questions are being utilized in certain departments at MassDOT (e.g. RMV, call center) and certain positions at MBTA, behavior based interview questions should be used organization-wide. Training hiring managers how to conduct behavioral based interviews is also critical in order to increase the effectiveness of identifying the right candidate.
			
			Leading Practice: All interviewers are trained on behavior-based interview techniques. All interviewers consistently apply a variety of interview techniques (e.g., behavior-based, case etc.) that are developed from success profiles linked to career development and long-term requirements.
				- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Hiring Managers, Supervisors, and Senior Leadership)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Create a list of competencies attached to employee behaviors of top performers
				- Create behavioral interview questions that address each of these competencies
				- Identify a pool of resources to conduct the interviews
				- Train interviewees to ask these questions of interview candidates in an organized manner
				- Implement new interviewing model
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 2	Level 3	Level 3	

EY

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
Level 3	Requires minimal amount of effort within the purview of current activities	Minimal impact or unlikely to be material on a financial disclosure	Minimal potential of risk if not implemented within short amount of time

#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
1.6	Staffing	MBTA	**Develop active and passive talent pool** Currently MBTA utilizes a 2009 Job Lottery as the talent pool for the majority of the positions. This lottery results in a very high reject rate (e.g., candidates employed, no longer interested, incorrect address, etc). We recommend creating an active and passive talent pool (other than Job Lottery) generated from current applicants (e.g., retain all information of applicants with a key identifier for each candidate: their date of application, results from any interaction with staffing, and other key details). Plans are in place for a new job lottery. This talent pool should also include employee referrals (T.1.11), temp help (T.1.16), and student interns (T.1.12). **Leading Practice:** A searchable talent repository that includes both internal and external labor pools and encompasses a large number of hires and appropriate applicants. In addition, a process to promote communication and coordination for sharing applicants across the organizations. A sourcing strategy that is linked to the workforce plan and staffing strategy, including social media and 'high potential' strategies (e.g. process to develop and maintain ongoing relationships with key university campuses and professional associations).	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Hiring Managers, Supervisors) - Define roles and responsibilities - Create improvement objectives and performance criteria (e.g. creating a formal talent pool that retains all key details of every applicant- [75% of candidates from this lottery do not show up for tests/ interviews and additionally the cost of advertising for the lottery was $120,000 for two years ("Cost Per Hire 2010" excel doc-T.1.4)] - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

1.7	Staffing	MBTA	**Develop a streamlined approval process**
			Currently, NEOGOV provides an automated workflow for requisition approval (1i.1). However it was noted that the approval process continues to create bottlenecks. During our testing we noted at DOT that the approval process took as long as 38 business days for one position while 8 out of 10 requisitions failed to be approved within 2 business days which is the internal benchmark. At MBTA, during testing we noted that the approval process took as long as 65 business days and 9 out of 10 requisitions were not completed within 2 business days. We recommend a review (quantitative and qualitative) of the current approval process to identify additional efficiencies. The following recommendation should be considered:
			1. Notifications – Currently notifications are sent to all parties in the approval hierarchy each time there is a sign off due for anyone in the chain for both requisition and hiring approval. As a result, approvers repeatedly receive emails that do not require action. Due to this volume, key approvers may miss the notification for their approval resulting in delays. Consider revising notifications to include only an actual approval request notification. Evaluate how outlook can integrate into the notification process.
			2. Critical Approvals – Currently, all stakeholders in the requisition and hiring processes must sign-off to approve the action. Consider developing a tiered approval hierarchy. For example:
			   -Tier 1 Positions up to Manager level: Approvals limited to: The Budget Owner, Compensation and Staffing and hiring managers.
			   -Tier 2 Positions Manager and above: Tier 1 approvers and Senior HR approval.
			3. Delegation of Authority – The staffing process is standard across all positions regardless of levels, with the exception of additional steps as dictated by certain position requirements. This is particularly evident with the approvals. We recommend refining a delegation of authority to streamline the approval process based on the risk/ criticality of a given position.
			
			Leading Practice: Leading organizations have a clear understanding of how to quantify risk and compare against cost considerations. Finding the right balance to mitigating risk; however, maintaining efficiency is critical and unique to each organization. Some considerations include: cost of vacancy, cost of poor hires, cost of time associated with administration and approval.
				- Identify impacted owners, stakeholders, suppliers and customers (HR Generalists, Hiring Managers, Senior Leadership, Compensation, Budget, Diversity etc..)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Assess organizational and functional risk tolerance and thresholds
				- Align authority structure with risk tolerance, materiality and thresholds
				- Document the process
				- Integrate delegation of authority into the process
				- Establish and communicate a clear delegation of authority for the requisition approval process to all parties involved and affected
				- Create a system where notifications for approvals are sent only to the approvers needed to mitigate the risk and move forward on the workflow's critical path(i.e.: approvals are received from the right stakeholders, considering the underlying risk)
				- Assess progress against metrics (e.g. No. Of Days to Approve, Length of entire approval process)
				- Conduct follow up activities/ audits to validate completion and sufficient execution of the approval process
					Leading Practice Recommendation			

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
1.8	Staffing	MassDOT and MBTA	**Create a consolidated interview scoring solution** For each set of final interviews the interview panel meets to evaluate a the summary of ratings, resolve scoring differences and document final hiring decisions. However, we noted the process is cumbersome and time consuming. Opportunities to streamline the process might be to consider designating one individual to capture all responses digitally utilizing a template that could be uploaded into the NeoGov system. The interview panel would score each question during the interview. Following the interview, the scribe should aggregate scores and lead the discussion of variances. Consider opportunities to aggregate responses within NeoGov or an excel template that automatically calculate the average scores. **Leading Practice:** Leading organizations utilize their staffing system to gather feedback, organize evaluation criteria, execute calculations, generate results and store results. In addition, these organizations utilize their staffing system to follow-up on delinquent information and to identify outliers within submitted information.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Payroll, Compensation, Supervisors, Hiring Managers) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify the right solution capable of aggregating interviewer responses and calculating overall scores (check if the current system has this capability) - Implement the tool (only if a new tool is being developed/ utilized) - Assess progress against metrics - Conduct follow up activities/ audits to validate completion and sufficient execution	Level 2	Level 1	Level 2	

1.9	Staffing	MassDOT	**Offer Letter Management - Testing Findings MassDOT** As a result of testing we identified the following observations:
			    - Currently, many offer letters are stored outside of a centralized location for management and executive hires
			    - Currently, there is no formal sign off by candidates on the offer letter
			    - We noted that there was one missing offer letter from the candidate file
			
			Leading Practice: A candidate signature serves as confirmation that the offer has been accepted. This is particularly important in the event that there are disputes in the future with regard to salary, benefits, retirement and union seniority. Other recommendations focus on improving the consistency and completeness of documentation which is critical for issue research and resolution and compliance. In addition, implement a centralized approach to storing all offer letters in one spot.
				- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, and Compensation)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Implement remediation steps
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Leading Practice Recommendation			

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

1.10	Staffing	MBTA	**Offer Letter Management - Testing Findings MBTA**
			As a result of testing we identified the following observations:
			    - We noted that there was one missing offer letter from the candidate files
			    - We noted that the one offer letter's salary was less than the starting salary listed in PeopleSoft which is used for payroll purposes. We were not provided with documentation to explain the difference.
			
			Leading Practice: Leading organizations utilize preventative (i.e., independent review against source data prior to data submission) and detective (periodic backward looking reviews) controls to validate that data transactions are complete, accurate and timely. In addition, these organizations focus on improving the consistency and completeness of documentation which is critical for issue research and resolution and compliance.
				- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, and Compensation)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Implement remediation steps
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Leading Practice Recommendation			

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

2.1	Training	MassDOT and MBTA	**Link organizational development needs and training**
			Currently, an inventory of voluntary training programs resides in MassDOT University and a formal infrastructure is in place for skills assessments. Trainings have been developed based on perceived organizational needs. However, there is low utilization (e.g. manager trainings) potentially due to the limitations of delivery alternatives or misalignment of business needs and training content. Organizational needs and competency gaps in critical positions should be discussed with business leaders annually. Develop, approve, and review specific learning objectives during annual meetings with business leaders. Currently, there is no underlying assessment of competency deficiencies and no linkage to any specific/ targeted trainings. Also implement a skills and competency assessment framework.
			
			Leading Practice:
			    - Content aligns with organization's developmental needs and industry standards in addition it can be repurposed for various forms of training.
			    - Develop content using a wide variety of mechanisms, such as text, video, audio, graphic, flash, etc.
			    - Audience segmentation is determined to provide the best type of learning experience for each functional audience (e.g. staff, line manager, director etc.).
			    - Development includes not just training, but mentoring, on the job experience and coaching among other activities.
			    - Organizations continuously assess the developmental needs as well as the impact and effectiveness of training programs then modify or enhance as appropriate.
			    - Include labor relations to consider union implication and negotiations surrounding training needs and requirements
				- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Hiring Managers, and Senior Leadership)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Define organizational training needs
				-Develop a training curriculum pilots to respond to these needs
				- Develop an evaluation system to link instances of non-compliance with training requirements, to reward structures
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
2.2	Mandatory Training	MassDOT and MBTA	**Mandatory training governance framework** Both MBTA and MassDOT monitor attendance and compliance of mandatory trainings. However, there is not an effective process to follow-up with employees who are delinquent. As a result of testing, we identified that 5 of the 10 MassDOT sampled employees had no record of or did not complete at least one mandatory trainings in a timely manner, and that 1 tested samples had no record and/or were not compliant with any of the mandatory trainings. On the MBTA side, EY tested for three trainings, of which only 7 of the 12 samples had completed these trainings timely. A formal governance framework with clear roles and responsibilities should be implemented to ensure compliance with mandatory training requirements. Currently, compliance with mandatory training is the responsibility of the areas/ districts. - Develop policy to define inventory of mandatory training and related protocols for attendance and non-compliance - Create and communicate clear standards about the timeframes to complete training. We noted that this is a current challenge because training resources could not point our testing team to relevant guidance. (Identified during testing) - Implement a formal process to ensure accountability for the completion of mandatory training in a timely manner - Define roles and responsibilities for governance framework with clear accountability - Gather and report impact and effectiveness of training through assessments, surveys and area/district leader discussions - Implement integrated training schedules and policies for both MassDOT and MBTA (where applicable) - Consider linking non-compliance to reward structures. EY notes that this will be a significant challenge due to the highly unionized environment. - Coordinate with IT to integrate learning management systems with other HRMS systems. Leverage integration to develop notifications to key personnel regarding key status updates. **Leading Practice:** - Consistent tracking of compliance with clear policies about mandatory training - Align compliance with employee and managerial incentives - Take disciplinary action for non-compliance	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, Senior Leadership, and Employees) - Define roles and responsibilities - Create improvement objectives and performance criteria - Integrate training initiatives with other Talent Management functions - Develop a career map for employees in critical roles - Create modules for e-learning - Ensure there is no gap in filling critical role positions with high potential employees using the career map mentioned above - Create varied and robust delivery methods based on content and audience - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Level 1**	**Level 1**	**Level 1**	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
3.1	Pension	MBTA	**Automate communication of pension related information** Currently, HR submits all MBTA benefit deduction pension information to the MBTA Retirement Fund via a secured FTP site. To improve accuracy and completeness, we recommend a coordinated approach with the State Board of Retirement and the organizational IT functions to create an automatic transfer of data with the flexibility to resend changes. **Leading Practice:** Leading organizations automatically transfer data between the HRIS and Pension management systems. This automatic transfer should have mechanisms to highlight when issues arise with an issue management capability in place to resolve issues to a root cause. In addition, one organization should perform a periodic reconciliation to validate that the data in the two systems match.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR, Hiring Managers, Supervisors, Benefits, Payroll, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify requirements for self-service that is integrated with other systems - Consider methods to aggregate and review participant input - Enable, implement, and test it - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

3.2	Other Benefits	MBTA	**Perform timely reconciliation and reviews**
			Health and Basic Life Benefits - Employee tracking
			Though MBTA differences (between GIC and MBTA HR reports) are tracked on a monthly basis, due to understaffing and the recent addition of ~6000 MBTA employees from non-GIC to the GIC plans, there is currently no action to reconcile these differences. We discovered that about 63% of the benefit deductions in a given month had differences between MBTA and GIC (T.5t.2). Our testing results revealed recurring differences in employee benefit withholdings. GIC withholding amounts between January 2014 - May 2014 were approximately $10,000 greater than expected MBTA withholding amounts and as large as $19,536.41 (January 2014). (T.5t.2)
			
			There is no tracking or reconciliation on the MassDOT side at this time.
			
			Our recommendations here are to:
			   - Perform a Roll forward reconciliation
			   - Review invoices from GIC in a timely manner
			   - Review the approval and the payment process following receipt of the invoice
			   - Implement an independent review of all reconciliation activity for employee and employer reconciliations (Testing revealed that an independent review does not exist)
			   - Conduct nightly interfaces of employee information and changes between HR and GIC (if possible)
			   - Prepopulate GIC forms at a minimum in the process
			   - Hire a temporary or full-time resource to perform reconciliations
			
			Leading Practice: Develop a roll-forward reconciliation to validate that all differences have been resolved. A roll forward reconciliation enables the reconciling party to validate that timing difference resolve. If differences are due to errors each error should be researched and resolved to the root cause. Following each reconciliation an independent party without change access should perform a review, document the review steps taken and sign off as approval of the reconciliation.
				- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR, Hiring Managers, Supervisors, Benefits, Payroll)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Identify requirements for self-service that is integrated with other systems
				- Consider methods to aggregate and review participant input
				- Enable, implement, and test it
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 1	Level 1	Level 1	

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
3.3	Other Benefits	MBTA	**Flexible Spending Benefits Calculations - Testing Findings** MBTA Benefits Analyst notes that Flex Spending deductions appeared to be inappropriately applied for certain employees. The MBTA Benefits Analyst attributes the source of this issue to the PeopleSoft system not being appropriately configured to "turn off" deductions at the end of each year. This can lead to deductions from a prior year being applied incorrectly in the current year. It is also noted that PeopleSoft recalculates weekly deductions based on the year-to-date contributions and the pay periods remaining in the given year. After discussing findings with the MBTA Benefits team, they will now "turn off" deductions at year-end (including any amounts that are in arrears) to eliminate any errors in the application of deductions. Furthermore, EY recommends further research into deductions that fluctuate from one pay period to the next, including any compliance risks and employee complaints that may result. **Leading Practice:** Review to validate if potential issue exists. If so, update system parameters and test to validate that changes are effective. Ensure that reconciliation is performed regularly.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR, Benefits, Payroll, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Understand how system operates and configure system to properly account deduction adjustments - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 2	Level 2	Level 2	
3.4	Other Benefits	MBTA	**Health and Welfare Trust Fund Administration** The MBTA is in the process of setting up a health and welfare trust fund (Vision, Dental, Medicare Part B Reimbursement, Life) for 589 that will be administered outside of the GIC. In order to fulfill its fiduciary responsibility, the MBTA will need to adjust its governance framework, such as adding new controls around data transfer and conducting period reviews (i.e. reconciliations). **Leading Practice:** - Create a line of sight into trust transactions including Direction/Authorization - Oversight and validation of trust transactional activity - Oversight to validate adherence to plan provisions	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR, Benefits, Payroll) - Define roles and responsibilities - Create improvement objectives and performance criteria - Perform regular reconciliations - Create a line of sight into trust transactions including Direction/Authorization - Ensure oversight and validation of trust transactional activity and adherence to plan provisions - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Leading Practice Recommendation**			

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MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
4.1	Leave Management FMLA	MBTA	**Automate the leave process** Currently, all leave requests are submitted manually through a variety of manual methods (i.e., Phone calls, manual forms, fax). We highly recommend automating this process to only accept automated transmissions. Two specific suggestions to consider: - Upload and store scanned documents onto a data repository and link references to PeopleSoft. PeopleSoft can store links to the document management systems; the integration to the system would need to be executed by IT. - Consider developing a self-service capability for employees to automatically complete leave requests. Require employees who do not have computer access to submit forms via fax. These faxes should go to a shared fax number or shared email address to aggregate all requests and their submission dates in one spot. This will create an automated record for all activity. In order to increase employee computer accessibility, utilize Kiosks in department buildings for leave request submissions. NOTE: Currently the MBTA is in the vendor selection process for a leave vendor. **Leading Practice:** Creating an automated record of all activities improves the efficiency and effectiveness of operations and supports organizational compliance. Leading organizations also utilize a consistent automated process to gather key information and link into key processes. This drives consistency and accuracy. It is also possible to apply validation criteria to key fields to improve the quality of data submitted.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, Supervisors, Benefits, Payroll, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify automation opportunities - Assess the impact and return on investment associated with these opportunities - Select value added automation solutions - Implement solutions - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 2	Level 2	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

4.2	Leave Management FMLA	MBTA	**Managing and reducing FMLA Impact**
			Currently, MBTA has a disproportionate number of FMLA cases. Managing the intermittent leave associated with FMLA is an administrative burden. We noted that due to attrition, the leave administration group is understaffed. For example, the group has not had a Leave Manager for 9 months and has been using outside counsel as a resource. Therefore the process lacks rigorous tracking/ monitoring necessary to reduce errors, omissions and abuse of the system. It was also noted that the intention is to outsource administration however, we noted several opportunities for improvement in the interim:
			 - Implement periodic follow ups with doctors to validate that underlying condition remains a medical issue
			 - Increase follow ups with doctors around holidays and/ or cyclical times of the year when FMLA leave increases
			 - Create a culture of specific communications and actions: Some examples of messages include:
			   - "Wrongly taking FMLA equates to fraud"
			   - "Someone who abuses FMLA creates difficulty for everyone"
			   - "The MBTA is cracking down on the FMLA abuse"
			 - Consider limits/ ceilings on the extent of moonlighting opportunities
			
			Leading Practice: Leading organizations have a culture that manages perceptions and reinforces positive behaviors. In addition, from an execution standpoint, these organizations utilize labor utilization models and other analytical tools to plan for fluctuations in the labor force. This helps to mitigate the impact.
				- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Hiring Managers, Supervisors, Benefits, Payroll)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Implement analytical tools to engage in workforce planning discussions and discussions with a focus on FMLA
				- Define the messaging and position with the right people
				- Use actions to support messages
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
4.3	Leave Management	MBTA	**Tracking Leave Status Changes** Add notifications to the PeopleSoft system which notify the appropriate individuals (Time Keepers and Supervisors) when a change in status occurs. An alternative would be to implement a reporting functionality where these individuals can run a view only report while entering time at their locations. Below are steps to create the notifications. It will be critical that all parties have the access they need to utilize the information. Steps to create a Notification process: 1) Review the 'manage leave' process 2) Identify who receives the notification 3) Identify type of notification 4) Identify levels of approval/ roles 5) Once the FMLA record is recorded in the system, a notification can be set up that gets sent to HR/Benefits team 6) Once approved, Job data page would get updated **Leading Practice:** Implementing notifications and reporting for leave transactions which are driven based on entry and update from the leave team reduces the number of retroactive changes to time classifications and payroll adjustments.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, Supervisors, Benefits, Payroll) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify requirements for self-service that is integrated with other systems - Consider methods to aggregate and review participant input - Enable, implement, and test it - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

4.4	Leave Management	MassDOT	**Leave Management - Testing Findings MassDOT**
			As a result of testing we identified the following observations:
			  - Nine out of ten samples had at least one discrepancy (see below) if not more
			  - Discrepancy: HR records have leave instances which do not exist in Payroll
			  - Discrepancy: HR and Payroll codes do not match in certain cases (e.g. HR coded for FMLA from 1/1/14-2/1/14, while Payroll coded for Workers' Compensation from 1/1/14-2/1/14)
			  - Discrepancy: HR and Payroll recorded dates for leave are inconsistent
			  - Payroll coding does not specify what leave the employee is returning from, which makes it difficult to research and resolve discrepancies
			
			Leading Practice: Use more descriptive coding (Payroll) to indicate return from leave. Perform regular reconciliation between HR and Payroll leave dates to ensure that proper documentation and management is being conducted. On a periodic basis, develop a process where HR sends a list of employees with approved leave dates for managers to confirm if leave was taken and that the leave dates recorded are accurate. Include this confirmation process into leave management training for managers.
				- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, Payroll, and IT)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Use more descriptive coding (Payroll) to indicate return from leave
				- Perform regular reconciliations between Payroll and HR leave reports
				- Perform periodic confirmation process between HR and managers
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 1	Level 2	Level 1	

4.5	Leave Management FMLA	MBTA	**Leave Management - Testing Findings MBTA** As a result of testing we identified the following observations: - Four out of ten samples took FMLA (according to Payroll) when the employee was not eligible for FMLA according to HR **Leading Practice:** Perform regular reconciliation between HR and Payroll leave dates to ensure that proper documentation and management is being conducted.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, Payroll, and IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Perform regular reconciliation between Payroll and HR leave reports - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 2	Level 1	

EY

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
5	Off-boarding	MassDOT	**Develop and implement a formalized off-boarding program** Currently, the off-boarding process is inconsistent and/ or lacking. Our results from testing revealed that 9 out of 10 MassDOT samples and 7 out of 10 MBTA samples were missing a separation checklist and/or documentation. In addition, only about half of the samples were given exit interviews at both organizations. In the past, MassDOT HR tried to create an electronic form of the exit interview; however, due to a lack of resources and support, HR was unable to pursue this. Managers are responsible for providing departing employees with an exit form which is returned upon completion. There is no formal process/ checklist that ensures comprehensive, and/or timely completion of the off-boarding package by departing employees (12i.1, 12i.2). Opportunities for improvement are listed below: - Execute a consistent, complete, and documented process - Have an independent party (as opposed to managers) conduct the off-boarding process to drive independence. MBTA confirmed that no HR resources are staffed in the Areas so either HR should add additional resources or use a third-party depending on budget considerations. - Consistently utilize current off-boarding checklist and exit interview to ensure underlying supporting termination processes (e.g. IT system access) are in place. Note: MBTA confirmed that Payroll must approve any termination.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR, Managers, Benefits and Compensation teams, Payroll, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Create a formalized off-boarding process and tools and define roles and responsibilities - Establish program to gather exit interview data to incorporate into workforce planning initiatives - Communicate clearly about the independence and confidentiality of the off-boarding process to the departing employee - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Level 1** (HR resource to conduct exit interviews)	**Level 1** (HR resource to conduct exit interviews)	**Level 1** (HR resource to conduct exit interviews)	
		MBTA	- Enhance current exit interview template (e.g. include questions about work environment, employee engagement and behaviors, etc.) - Connect off-boarding processes to physical systems and site access (i.e. building security, IT systems etc.). This includes implementing a reconciliation between the HRIS date and other relevant departments' termination dates. - Automate exit interview feedback and develop frameworks to organize this feedback into useful metrics about employee engagement and job satisfaction. Identifying meaningful patterns from data collected and connect to the talent management lifecycle and business operations. - Perform regular reconciliation between Payroll and HR's termination dates - Conduct regular reports on how many people are on payroll and currently employed, general information about the current population, categories of jobs that have terminated, etc. **Leading Practice:** Leading organizations use the off-boarding process to improve the overall organization, programs and activities. In addition, the off-boarding process is the final touch point with an employee and can significantly impact their ongoing perception of the organization. Targeted messaging is critical during this process.	- Potential pilot program: Use independent exit interview process for separations occurring at 10 Park Plaza. Reassess to determine if feasible to expand to the Areas.	**Level 1** (HR resource to conduct exit interviews) **Level 3** (changing exit interview form)	**Level 1** (HR resource to conduct exit interviews) **Level 3** (changing exit interview form)	**Level 1** (HR resource to conduct exit interviews) **Level 3** (changing exit interview form)	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
6	Policy Process/ Communication	MassDOT and MBTA	**Standardize policy structures and governance** The policy structure as it stands today is extremely complex, disjointed, inequitable and difficult to understand. We noted that approximately five policies have been standardized and are ready for review, while around forty other policies still require standardization (13i.1). We also saw a need to coordinate decision points and to sequence discussions with unions instead of going through multiple lengthy cycles. Opportunities exist to improve the policy infrastructure, coordination and broader governance framework (e.g., mandatory training). **Leading Practice:** Leading organizations implement a single policy framework to provide a basis for decisions and actions. Building from the basic framework, they capture the specific labor requirements, unique organizational requirements and other unique needs. They also clearly understand and articulate what the fundamental requirement is rather than what has always been done. In addition, where necessary identify critical labor related barriers and communicate with labor relations team. Finally, once the policy infrastructure is in place, communicate and educate employees about policies and enforcement.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers Supervisors, Benefits, Payroll) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify a population of policies required by the common governance environment (compliant with union requirements, government mandates, etc.) - Develop a policy framework to enforce the policies, manage deviations and identify exceptions - Identify deviations from the core policy - Create uniform documentation to aggregate deviations into a central location - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 2	Level 3	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
7.1	Records Management/ HRIS	MassDOT	**Develop formal record retention plan for employee files** Currently, personnel files are maintained in hard copy files only. We noted, there is a State Records Center that houses all required state records. Both DOT and MBTA must adhere to the record retention guidelines set forth in the "Massachusetts Statewide Records Retention Schedule" (T.14.1, T.14.9). The guidelines provide retention timelines that range from a couple of years to forever. Given these requirements both DOT and MBTA should evaluate the cost/benefit of digitizing historical employee records and employee records on a go-forward basis. **Leading Practice:** Formal record retention plan outlining protocols for retention timeline, method of storage, retrieval and purge. Accessible records that are economically stored and easily accessed with appropriate restrictions to ensure regulatory privacy compliance.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, Supervisors, Benefits, Payroll) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify the population of automated systems - Execute an RFP to automate the records - Select a record repository - Prioritize process to automate - Execute automation - Create linkages between systems to provide access to critical data - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 2	Level 2	
		MBTA			Level 1	Level 3	Level 2	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
7.2	HR Systems	MassDOT	**Integrate NEOGOV with other Talent Management/ HR systems** In January, MassDOT went live on NEOGOV which has brought a number of efficiencies (candidate tracking, automated scheduling, screening for minimum qualifications, etc.) However, we noted there is a lack of system integration and a number of opportunities exist to automate the data transfer from NEOGOV to other system (e.g. PeopleSoft, The Government Staffing Site (CEO-Commonwealth Employment Opportunities)), in addition to other processes, such as background checks, labor relations and onboarding activities (e.g., system access, workspace activation, I-9, Drug Screening, etc.). While dependent upon approvals from the executive committee and IT, this integration can expedite the selection, hiring and on-boarding of candidates. **Leading Practice:** Ensure that a single system (NEOGOV) manages end- to-end staffing process. Integrate HR technology into one system or multiple systems that seamlessly integrate with legacy HR/ Talent Management systems including PeopleSoft and CEO. There should be a seamless integration of data across all upstream and downstream processes to eliminate redundancy and enhance consistency and data integrity.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Hiring Managers, Supervisors, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Perform a needs assessment - Document desired future state processes and broader operating model - Identify gaps for a centralized Talent Management database with stakeholders mentioned above - Identify the software/ platform for the integrated setup - Identify other alternatives, if existing systems do not have the capabilities - Assess the financial, strategic, operational and cost impacts of each of the alternatives/ options - Select a desired alternative and implement the alternative that best fits the need - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 1	Level 1	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
7.3	HR Systems	MBTA	**Integrate NEOGOV with other Talent Management/ HR systems** In February, MBTA went live on NEOGOV which has the opportunity for a number of efficiencies (candidate tracking, automated scheduling, screening for minimum qualifications, etc.) However, the lack of system integration has limited the use of enhancements and efficiencies. There are significant opportunities to automate the data sharing between NEOGOV and other systems (e.g. PeopleSoft), and processes, (e.g. TPV background checks, labor relations) in addition to onboarding activities (e.g., system access, workspace activation, I-9, Drug Screening etc.). This integration can expedite the candidate selection, hiring and on-boarding and improve data integrity. **Leading Practice:** Ensure that a single system (NEOGOV) manages the end- to-end staffing process. Integrate HR technology into one system or multiple systems that seamlessly integrate with legacy HR/ Talent Management systems. There should be a seamless integration across all upstream and downstream processes to eliminate redundancy and enhance consistency and data integrity.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Hiring Managers, Supervisors, IT) - Define roles and responsibilities - Create improvement objectives and performance criteria - Perform a needs assessment - Document desired future state processes and broader operating model - Identify the software/ platform for the integrated setup - Identify other alternatives, if existing systems do not have the capabilities - Assess the financial, strategic, operational and cost impacts of each of the alternatives/ options - Select a desired alternative and implement the alternative that best fits the need - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 1	Level 3	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
7.4	HRIS	MassDOT	**HRIS - Testing Findings MassDOT** As a result of testing we identified the following observations: - Currently documentation is inconsistently maintained (e.g., missing or incomplete New Hire Cover Sheets) - Incomplete evidence of review of New Hire Cover Sheet - No independent review of data entry into the system - Inaccurate data entry into the system (e.g. improper entry of military status) - Missing data on source files or not enough information to support a payroll record (e.g. salary administration plan) - Incorrect position numbers (likely due to typos) **Leading Practice:** Develop a system to consistently complete and maintain New Hire Cover Sheets and other employee data. This is important to ensure accurate, timely updates, and proper documentation. We also recommend including a designated place to allow reviewers to date when they reviewed the information. Independent review of data entry into the system should be conducted on a regular basis.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, and Compensation) - Define roles and responsibilities - Create improvement objectives and performance criteria - Conduct regular independent review of data entry into the system - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 2	Level 1	Level 2	
7.5	HRIS	MBTA	**HRIS - Testing Findings MBTA** As a result of testing, we identified the following observations: - Employee information change is a manual process - Four of the fifteen tested employee information changes took longer than 2 business days, with some taking as long as a month. However, several factors outside of HR may contribute to this delay. For example, the area supervisor is typically the first person to receive the information change form before sending to HR. Additionally, an employee may fill out form on one date, but not want it to be effective until a later date. (Note: The form does not capture the "effective date." Processing date and effective date are the same.) - For one of the fifteen sampled employees, the employee change form was incorrectly used to change the name of a dependent/spouse. Benefits gave employee this form, when change should have been done through the GIC. **Leading Practice:** Leading organizations manage employee data in an automated and integrated fashion across systems. Leading systems either have data centralized or seamlessly interface across modules and systems. These organizations maximize self service capabilities by providing a variety of controlled access points for data entry. In addition, these organizations utilize preventative (i.e., independent review against source data prior to data submission) and detective (periodic backward looking reviews) controls to validate that data transactions are complete, accurate and timely.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. HR Generalists, Supervisors, and Compensation) - Define roles and responsibilities - Create improvement objectives and performance criteria - Conduct regular independent review of data entry into the system - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 2	Level 1	Level 2	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
8.1	**Employee Satisfaction**	**MassDOT and MBTA**	**Improve Employee Satisfaction Survey Administration** Offered in both paper and electronic forms, the 2011 employee survey had a low participation rate (19%) due to the lack of trust in leadership and the fear of retaliation (D.18.1, 18i.1). Low levels of participation make it difficult to meaningfully draw conclusions and/or respond to employee challenges. The following are ways to increase participation: - Include text that clarifies the confidential nature of the response collection and analysis in all survey communication - Communicate through multiple channels (e.g. emails, verbal, poster, etc.) and people (e.g. Head of Department, Supervisors, Team Leads) - Create incentives (e.g. gift cards, loaded metro cards, sports tickets, etc.) to complete survey **Leading Practice:** Consistently monitoring employee satisfaction and engagement provides tangible value to the business. Leading organizations achieve both high employee engagement and survey participation.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, Senior Leadership) - Define roles and responsibilities - Create improvement objectives and performance criteria - Administer surveys on a regular basis with the importance of confidentiality stressed - Share results to employees and openly share action items and next steps - Show that leadership takes an active interest in employee opinions and acts on it - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Level 3**	**Level 2**	**Level 3**	

MassDOT/ MBTA Observation Matrix

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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
8.2	Employee Satisfaction	MassDOT and MBTA	**Managing employee satisfaction survey results** After reviewing the employee satisfaction survey content and administration, several opportunities exist to enhance both the survey and process. - In addition to the areas surveyed in 2011, MassDOT/MBTA should consider surveying other content areas, such as the employees' satisfaction regarding their job role, growth and development, colleagues and work environment, and engagement levels. - Surveys should be administered every year to compare results to previous years and identify analytical trends/ tools to identify pockets of dissatisfaction among employees. - Moreover, the 2011 survey results summary provided little context or explanation for the results. Upon analysis, management needs create a comprehensive results summary and communicate the results to all employees and form tangible action steps to address the issues raised in the survey results. If management fails to take action in the current year, there will be a decrease in participation, low morale, and ultimately a decrease in employee engagement in the following years. - Currently, both organizations are working with the State to administer and manage an employee survey and results. - If an issue is identified through the survey, both organizations can utilize the State's course offerings to help address the issue. **Leading Practice:** Leading organizations deliver periodic surveys, aggregate and report the results and communicate a response to the employee population. These organizations also evaluate the trends over time and assess the impact of responses taken along with how organizational performance has improved or fallen.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, Senior Leadership) - Define roles and responsibilities - Create improvement objectives and performance criteria - Administer surveys on a regular basis with the importance of confidentiality stressed - Share results to employees and openly share action plans and next steps - Show that leadership takes an active interest in employee opinions and acts on it - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 2	Level 3	

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9	HR Organizational Performance	MassDOT and MBTA	**Inadequate tracking and use of HR organizational metrics** We noted that or HR organizational metrics, which prevents the HR organization from taking objective decisions and addressing issues such as understaffing, which could lead to high levels of turnover within the function. Leading Practice: Leading organizations look to continuously improve and drive maximum value to their customers, stakeholders and impacted entities. Managing organizational performance occurs in a variety of ways. It is critical that all performance measurement activities and tools align with the broader mission, vision and values of the organization. With alignment as a guiding principle leading organizations use a variety of qualitative (Independent surveys, perspectives etc.) and quantitative (Financial Impact, metrics, benchmarks, analytics) measures across the entire organization and within specific functions to evaluate performance. Many leading organizations are working to heavily integrate data into performance evaluation in the form of KPIs and analytics. Achieving this level of maturity requires system integration and reporting and analytical tools.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Senior Leadership, Supervisors) - Define roles and responsibilities - Create improvement objectives and performance criteria - Understand broader organizational strategy - Define what success looks like - Identify how to qualify and quantify success and align with key indicators - Develop tools and templates to track performance - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Leading Practice Recommendation**		

EY

MassDOT/ MBTA Observation Matrix

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10	Employee Performance Management	MBTA	**Engage union in the performance review process** The T-MAP program was originally implemented in FY2011 just for unaffiliated management employees, which includes the following steps: Goal Setting, Mid-Year, Year End Performance/ Rating, Performance improvement plan, Ongoing feedback, Set remedial plans (if needed), appeal ratings (T.25.1). In addition, consider implementing a 360 degree feedback process, to provide employees with a holistic perspective about their performance that includes peers, subordinates, and supervisors. We noted that the organization operates within a union environment which may create additional considerations for implementing and operating in this environment. Our recommendation would be to include union leadership in the performance review process where appropriate Leading Practice: Leading performance management functions create a holistic performance management program. The program focuses on both formal and informal feedback (i.e., coaching, mentoring). In addition, to assess performance the program focuses on role competencies and identifying through behaviors how effectively an individual performs. Performance management is something that happens continuously where in leading organizations employees proactively seek out feedback through formal and informal means. Leading organizations also develop 360 degree feedback to give employees a holistic view of their performance.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Senior Leadership, Supervisors) - Define roles and responsibilities - Create improvement objectives and performance criteria - Identify the population to include in the performance management process - Develop the programmatic elements including key processes - Communicate expectations - Implement the program - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 1	Level 3	

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11	Culture	MassDOT and MBTA	**Create and communicate a unified culture for the synergized organization** A significant issue exists within the two organizations. Multiple employees expressed dissatisfaction with the merger of the legacy organizations noting particularly the difference in salaries of employees performing similar tasks. There is a legacy model mentality in which employees still perceive themselves as part of the legacy agency. The inequities and legacy silo's are an impediment to productivity, employee engagement, accountability, and the retention of high potential employees. **Leading Practice:** Leading organizations have a clear definition and communication of the organization's values (e.g., trust, responsibility, integrity etc.) which will coalesce into day to day activities, management decisions and the overall brand of the organization. Leading organizations manage culture across three key components: - Behaviors: Conversation and comments, day to day practices, messages to peers and individual decisions - Symbols: Branding, resources invested, employee recognition, office layout, dress and span of control - Systems: Talent management, goal setting, reporting and measuring, governance, organizational design	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Managers, IT, Supervisors) - Define roles and responsibilities - Create improvement objectives and performance criteria - Define the desired culture of the organization - Assess the current culture of the organization - Identify gaps between the current state and future state - Implement targeted initiatives to close the culture gap (e.g.: employee career paths) - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Leading Practice Recommendation**			
12	Succession Planning	MassDOT and MBTA	**Develop a succession planning program** Both MassDOT and MBTA recognize the need for succession planning and have high level plans within their workforce planning documents. However, both these plans are in their infancy and have a need for clear action steps to support smooth implementation. **Leading Practice:** Leading organizations connect their succession plan to the their broader workforce plan but also drive it deep into the organization. These organizations embed competencies within the entire succession planning program. The succession planning program is just that and typically occurs annually. The program may include: identification of key positions, a plan that identifies the successor pool for these key positions, clear development plans for each successor, identification of where 1 successor aligns with 2 or more positions, highlighting succession gaps, aligning gaps with a formal remediation plan and providing reporting (high level and drill down) to inform the broader workforce planning process and organization.	- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Hiring Managers, Senior Leadership, Supervisors, LR, Legal) - Define roles and responsibilities - Create improvement objectives and performance criteria - Develop a complete succession program - Create a documented plan - Assess progress against metrics (e.g., task efficiencies) - Conduct follow up activities/audits to validate completion and sufficient execution	Level 1	Level 2	Level 3	

MassDOT/ MBTA Observation Matrix

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13	Competen-cies	MassDOT and MBTA	**Create a comprehensive competency model for the entire workforce**
			Currently, MassDOT and MBTA have a number of common talent management programs (staffing, learning and development etc.); however, these programs typically operate independently. In order to enhance the employee experience, align capability and capacity with organizational needs and achieve programmatic synergies, organizational competency systems should be considered. Competencies are skills, knowledge and behaviors that distinguish excellent performers from average performers that align with the role and broader organizational success. Competencies should consider the following:
			  - Describe 'excellent' behavior
			  - Define a 'discrete' action that produce impact
			  - Specific an 'observable' behavior
			  - Define action in simple, easily-understood terms
			  - Framed as 'action verb' statements.
			
			MassDOT currently utilizes competencies to evaluate managers and has KSAs for every position in the organization. We recommend enhancing the managerial competencies based on position type and level of supervisory role. In addition, we recommend developing competencies for non-managerial positions using KSAs as a foundation.
			
			Leading Practice: Leading organizations use competencies to integrate their talent management programs. These competencies should focus on driving success for both the broader organization as well as the function where a position resides. These competencies serve as a common basis to identify the right talent, select the right talent and invest in the right development programs. Many organizations start by building competency models for their most senior positions and key positions to support leadership development and succession planning then drive competencies the competencies deep into the organization.
			
			Once leading organizations create competencies they should periodically assess incumbents against the competency profiles for their position. If competency gaps exists, create a development plan to help that employee to develop the specific competencies and reassess periodically. Also, in some cases an incumbent's competency gap may be too great or a vacant position has critical competencies in which case the position should be tied to staffing activities.
				- Identify impacted owners, stakeholders, suppliers, and customers (e.g. HR Generalists, Hiring Managers, Senior Leadership, Supervisors)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Agree on approach to competency design
				- Identify desired organizational competencies
				- Based on approach identify technical and position specific competencies
				- Create modeling templates
				- Evaluate incumbents against competency models
				- Implement training and other responses based on competency gaps
				- Assess progress against metrics
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 1	Level 2	Level 2	

EY

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
Level 3	Requires minimal amount of effort within the purview of current activities	Minimal impact or unlikely to be material on a financial disclosure	Minimal potential of risk if not implemented within short amount of time

#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

14	Aging Workforce	MassDOT and MBTA	**Aging Workforce**
			Over the coming years both MassDot and MBTA face significant challenges associated with an aging workforce. As of September 2013, 898 MBTA employees were eligible for full retirement, and the MBTA projects that this figure is expected to reach 1862 by the end of FY 2018 (T.5.5). While all industries are facing this similar challenge, the rate for the transportation agencies is nearly double the nation's entire workforce. According to the Transportation Board of Research, about 40% - 50% of the state transportation agency workforce will be eligible to retire in the next 5-10 years (E.24.1).
			
			Leading Practice: Many organizations are facing challenges associated with an aging workforce. Leading organizations have used a combination of several solutions. These organizations ground each approach. Once these competencies have been identified, they are evaluated based on need, cost and value to the future organization. The approaches are as follows:
			
			Short Term Solutions:
			  - Retention of the current retirement eligible population
			  - Rapid targeted staffing
			  - Providing stretch opportunities to current employees
			  - Retention bonuses
			
			Longer Term Solutions:
			  - Workforce Planning (See Observation #15 for a detailed description)
			  - Succession Planning
			  - Training and Development
				- Identify impacted owners, stakeholders, suppliers, and customers (e.g.: HR Generalists, Hiring Managers, Senior Leadership, Supervisors, LR, Legal)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Identify the critical competencies and positions within the organization where incumbents are at or close to retirement age
				- Quantify the value of these competencies monetarily to support decisions going forward
				- Integrate these underlying competencies into staffing, development and retention programs (Both short and longer Term)
				- Where a gap remains consider alternative work arrangements for retirees
				    - Work Part-Time
				    - Consultancy
				    - Leased Employee
				- Define metrics and tools to track progress
				- Assess progress against metrics (e.g. task efficiencies)
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Level 1	Level 1	Level 2	

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
Level 2	Requires level of effort outside scope of normal activities (outside the purview of current activities)	Medium impact or potential to be material on a financial disclosure	Potential risk if not implemented within short amount of time
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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response

15	Workforce Planning	MassDOT and MBTA	**Workforce Planning**
			Currently, there are a number of significant competency and capacity gaps across the organization. Leadership has started to consider what can be done to proactively staff the organization going forward; however, significant opportunity exists for the organization to improve its decision making with regard to its investments in its people. This can be achieved through the following actions:
			  - Leverage a formal, embedded competency model
			  - Develop data analytics and modeling capabilities to proactively plan for workforce needs
			  - Integrate talent into strategic and operational discussions and decisions with the support of data
			
			Leading Practice: Leading organizations coordinate operations, organizational strategy and talent management practices through data analysis. They accomplish this by clearly defining the organizational competencies needed to execute the strategy and integrate those competencies into the staffing, training, performance management, succession planning and leadership development programs. In addition, these organizations balance their competency demands with supply drivers (i.e. external talent, internal promotions, training etc.) by assigning a value to the competencies based on their importance to the organization. This enables management to clearly identify where to invest in programs (e.g., learning and development) and service delivery (e.g., supplying sufficient talent in staffing).
				- Identify impacted owners, stakeholders, suppliers, and customers (e.g.)
				- Define roles and responsibilities
				- Create improvement objectives and performance criteria
				- Define data requirements
				- Trace data requirements to source systems
				- Develop models focused on key talent requirements (i.e., high FMLA Leave periods, Key positions, positions with aging workforce)
				- Create a leadership forum to periodically discuss strategic, operational and talent issues/requirements
				- Assess progress against metrics (e.g. task efficiencies)
				- Conduct follow up activities/audits to validate completion and sufficient execution
					Leading Practice Recommendation			

MassDOT/ MBTA Observation Matrix

Severity	Level of Effort	Risk	Timing
Level 1	Requires significant level of effort including third party resources	High impact or highly likely to be material on financial disclosure	Risk if not implemented within a short amount of time
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#	Process Category	MassDOT / MBTA	Observations	Suggested Action Plans/Recommendations	Level of Effort	Risk Level	Timing	Management Response
16	HR Strategy	MassDOT and MBTA	**HR Strategy** Strategic considerations should be cascaded throughout the HR organization. Consider implementing a HR strategy covering both MBTA and MassDOT which includes: - HR Mission - HR Vision - HR Values - HR Differentiators - HR Value Drivers - HR Performance Indicators - HR Governance standards **Leading Practice:** Leading HR organizations define their strategy and align with that of the broader organization. In order to achieve strategic alignment, these organizations identify the critical value levers that exist across the business (e.g., safety, cost management, timely service etc.) and integrate these considerations into their strategy and underlying execution. These organizations are very attuned to developments in the business, external developments and change in general. As a result, these organizations are able to proactively respond to developments while continually delivering value.	- Identify impacted owners, stakeholders, suppliers and customers (e.g. Leadership, HR, department heads, etc.) - Define roles and responsibilities - Create improvement objectives and performance criteria - Define HR strategy - Socialize strategy with key business stakeholders - Finalize strategy - Integrate strategy into the people, processes, technology and culture of the HR organization - Assess progress against metrics - Conduct follow up activities/audits to validate completion and sufficient execution	**Leading Practice Recommendation**			

Appendix G – Risk Register

EY created this risk register to inform which procedures to undertake. In addition, as observations were identified, EY considered these risk implications to prioritize remediation and/or improvement actions. **Please note** that these risk examples are written in a manner that describes what the occurance of a risk event could potentially look like (i.e., what could go wrong and what is the impact).

MassDOT/ MBTA Risk Register		
ID	**Process Category**	**Inherent Risk Examples**
1	Staffing- Talent Management	Lack of integrated talent management and/ or strategic workforce planning results in capability gaps.
2	Staffing- Screening	Staffing process fails to deliver qualified candidates in a timely manner- resulting in competency and capability gaps, turnover, and negative operational impacts.
3	Compliance	Lack of consistency and/ or documentation evidence across processes, tasks and/ or tools results in inequity across the organization. As a result, employee engagement suffers, grievances increase and/ or litigation/ penalties ensue.
4	Staffing- Job Postings	Unauthorized positions are posted/ filled resulting in staffing inefficiency, increased cost, and/ or gaps between desired competency and actual competencies.
5	Safety	Incomplete, inconsistent, and/ or inadequate organizational knowledge around safety requirements results in workplace injuries
6	Mandatory Training	Employee training fails to sufficiently address competency and performance gaps, skill, knowledge and behavioral gaps of the employee population, resulting in safety related incidents, insufficient internal talent pipelines and/ or lack of employee development.
7	Mandatory Training	Employees not participating in mandatory trainings in a timely manner- resulting in litigations, penalties, sanctions and/or grievances.
8	Drug and Alcohol	Individuals under the influence of drugs and alcohol while on the job cause injuries, fatalities, damage to assets, reputational damage, and unforeseen costs to the agency / authority.
9	Pension and Benefits	Lack of consistency and/ or documentation evidence across processes, tasks and/ or tools results in inequity across the organization. As a result, employee engagement suffers, grievances increase and/ or litigation/ penalties ensue.

MassDOT/ MBTA Risk Register

ID	Process Category	Inherent Risk Examples
10	Benefits	Improper employee benefits deductions (e.g. Flex Spending) can result in losses to the organization and potential liabilities for over-deductions.
11	Benefits	Improper trust fund administration can result in instances of non-compliance/ litigation.
12	Workers' Compensation	Ineligible, fraudulent, duplicative and/ or fictitious employees collect workers compensation resulting in increased over/ under statement liabilities.
13	Workers' Compensation	Incomplete/ inaccurate tracking of workers compensation population results in over/ under statement of liabilities.
14	Leave Management Sick Leave	Unauthorized, ineligible, fraudulent leave results in increased over/ under statement liabilities.
15	Leave Management FMLA	Incomplete, inaccurate, untimely coordination of leave activities results in instances of non-compliance/ litigation, over/under statement of compensation expenses, grievances.
16	Absenteeism	Unplanned and/or unauthorized absenteeism results in over/under staffing, increased operational costs (e.g., overtime, redundancy, shift differentials) and/ or decreased morale/ employee engagement.
17	Onboarding	Failure to efficiently and/ or timely onboard employees into new roles results in delays to achieve full productivity, engagement, assimilation, and increases the likelihood of early turnover.
18	Off-boarding	Failure to timely and completely off-board departing employees results in unauthorized access to agency/ authority assets, loss of organizational/ competitive knowledge and/or assets, over/ understatement of employee entitlements (e.g. pension, COBRA etc.)
19	Policy Process/ Communication	Lack of formal governance and/ or underlying governance framework results in risk that exceeds a tolerable level.
20	Records Management/HRIS	Duplicative, fictitious, untimely and/ or inaccurate data transactions resulting in inaccurate and insufficient reporting, uninformed decisions, inaccurate inputs to downstream processes/ calculations, over/ understatement of financials.

MassDOT/ MBTA Risk Register

ID	Process Category	Risks
21	Employee Programs	Programs fail to achieve desired programmatic objectives resulting in lost opportunity costs, goodwill, and brand recognition.
22	Classification	Lack of a consistent, equitable compensation structure negatively impacts morale, satisfaction, attracting employees, and/ or compensational programs delivery.
23	Systems	Lack of system functionality, integration, and/or maturity results in manual workarounds, inefficiencies, ineffectiveness delays, and/or labor costs.
24	Employee Satisfaction	Lack of employee satisfaction creates low morale within the organization, and decreases productivity.
25	HR Organizational Performance	Lack of organizational performance management (e.g., assessments, metrics etc.) results in misinformed decisions, excessive costs, inefficiency, and/or ineffectiveness.
26	Employee Performance Management	Competency, performance and behavioral gaps, and gaps in skill and knowledge of the employee population result in safety related incidents, insufficient internal talent pipelines, and/ or lack of employee development.

Appendix H - MassDOT Staffing Flow Chart

The flow chart below shows MassDOT's requisition and offer management processes.

STEP 1: Requisition (New Requisition and Backfill)

1. District Hiring Manager
creates and submits requisition

2-5. Following approvals are required:
2. Office of Diversity and Civil Rights
3. CFO
4. HR
5. Secretary of Transportation (only if new requisition)

6. HR Generalist
forwards requisition to Classification Unit for job review

7. HR Generalist
posts requisition on NeoGov

STEP 2: Sourcing
Position is posted on the MassDOT website, Commonwealth of Massachusetts website, and sometimes on Monster

STEP 3: Candidate Application
Candidate applies via NeoGov/ Commonwealth Employment Opportunities (CEO) website

STEP 4: Candidate Screening

1. HR Generalist
screens application against Minimum Entrance Requirements

2. Hiring Manager
reviews screened applications and selects the candidates to interview

STEP 5: Panel Interview
With HR Generalist, Hiring Manager, etc.

STEP 6: Candidate Selection
1. Interview panel provides scores to Hiring Manager
2. Hiring Manager completes required paperwork
3. Department Head approves

STEP 7: ODCR Approval
Hiring manager sends candidate packet to ODCR for approval

STEP 8: Candidate Notification
HR Generalist notifies selected candidate

STEP 9: Compensation Calculation
HR Generalist is the process owner and will work with the parties listed below. Compensation is based on an internal straight promotional factor (internal hires) or on a worksheet (external hire).

Negotiated compensation is:
1. Reviewed by Staffing Manager
2. Approved by HR Director
4. Sent to the appropriate unions
(There is no negotiation for internal candidates.)

STEP 10: Candidate Notification
Candidate is notified of finalized compensation and asked to confirm start date. (If drug testing is required for the position, it is conducted at this point.)

STEP 11: Offer Letter Approval
1. Manager of Staffing reviews offer letter
2. HR Director approves and signs offer letter

STEP 12: Offer Extension
HR Generalist verbally offers the position and sends approved offer letter (via email) and welcome packet to candidate

Appendix I – MBTA Staffing Flow Chart

The flow chart below shows MBTA's requisition and offer management processes.

STEP 1: Requisition (New and Backfill)

1. Area Dept. Head/Hiring Manager submits req. into NeoGov

2. HR Notified (via email)

3-10. Following approvals are required:
3. HR Generalist
4. Compensation
5. Department Head
6. Budget
7. Office of Diversity and Civil Rights
8. HR Department
9. CFO
10. General Manager (If req. is Director level or higher)

11. HR Generalist posts req. on NeoGov

STEP 2: Sourcing
Position is posted on NeoGov and external sites (Positions that are open only to MBTA employees are not posted on external sites)

STEP 3: Candidate Application
Candidate applies via NeoGov

STEP 4: Candidate Screening

1. Electronic Hiring System emails applicants, acknowledging the receipt of their submission

2. HR Generalist conducts initial application screening against Minimum Entrance Requirements (MERS)

3. EEO Officer is consulted if the list of candidates is not diverse

4-6. If additional screening is required:
4. **HR** screens against job preferences listed on job posting
5. **HR and Hiring Manager** screen for additional job preferences (e.g. MBTA/DOT specific, public sector, or industry related experiences)
6. **ODCR** provides input if the candidate list is not diverse or if position falls into an underutilized job group

7. Internal Supervisor Evaluations are conducted on current employees who have met MERS for positions that require a two year satisfactory work record. Those who qualify are invited for interviews. *(At the discretion of HR, these evaluations may be conducted after an interview, but before making a job offer.)*

8. HR Generalist notifies selected candidates of interview appointments via telephone

STEP 5: Panel Interview
With HR Generalist, Hiring Manager etc.

STEP 6: Candidate Selection
1. Panel provides scores
2. HR aggregates scores
3. Selection committee makes candidate recommendation

STEP 7: Offer Approval
1. HR Recruiter
2. Compensation Department
3. Department Head
4. Deputy General Manager HR
5. Office of Diversity and Civil Rights
6. CFO
7. GM approve if director level or higher

STEP 8: Offer Extension
HR Generalist sends approved offer letter and welcome packet to candidate. (Offer contingent on candidate passing background screenings and pre-employment physical, which may include drug and alcohol testing.)

Appendix J – Management Response

The following is HR's management response to the E&Y HR Audit report, dated September 30, 2014. While we agree with E&Y's observations that there are opportunities to mitigate risk, increase efficiency and manage cost, many of the recommendations to achieve a high performing HR organization would require a significant level of effort and resources. In order to achieve an integrated HR service delivery model as recommended in the audit report, MassDOT and MBTA would have to overcome a myriad of constraints and obstacles. In particular, MassDOT operates in compliance with Executive Branch policies set forth by the Governor's Office, the Executive Office of Administration and Finance, and the Commonwealth Human Resources Division; its payroll systems are controlled by the State Comptroller and Information Technology Division, and the department has limited management rights among its unionized workforce. MBTA is a separate legal entity, functioning as an "authority" with no requirements to follow the Governor's Executive Orders, or executive branch rules, regulations, policies and procedures. Given these limitations, at the request of former Secretary Richard Davey, HR was asked to review the report and select on three (3) areas where management feels it can be successful in achieving improvements within a reasonable time frame. In light of the current hiring controls that have been imposed by the Executive Office of Administration & Finance, even some of the recommendations may not be implemented due to lack of resources.

Over the next year, we propose to focus on three (3) key areas: Onboarding, Employee Engagement and the Interview Process.

I. ON-BOARDING Program:

As part of our short term priorities, HR will propose enhancements to the current on-boarding process for new employees. HR plans to create and deploy a comprehensive on-boarding program for all new employees which we anticipate launching in July 2015.

Research reports show that retention statistics show that approximately 50% of new employees resign from their jobs within the first year. Although this is much lower at MassDOT and the MBTA, a sense of Identity is lacking in the organization. Experts believe that there is a direct correlation between poor new hire retention rates and weak onboarding processes. The implementation of a solid onboarding process can lead to improved employee retention. Onboarding is a strategic process of bringing a new

employee into the organization and providing information, training, mentoring and coaching throughout the transition. The process begins at the acceptance of a signed job offer letter and extends at least throughout the first several months of employment. The traditional onboarding process has typically been about bringing a new hire in and focusing on the organization's identity and immersing the new hire in its culture and processes, while putting less emphasis on the new hire and what he/she brings to the table. A solid onboarding program should be more about the new hire—customized to help him/her succeed.

The current MassDOT on-boarding process is primarily focused on collecting new employee information and informing new employees about their benefits options as a MassDOT employee. HR recognizes that the on-boarding program exists as an opportunity to properly orient new employees to this organization and its culture. An operational overview, organizational charts, mission, vision, goals, etc. should all be provided so that all new employees have a common foundation of understanding about their new workplace.

Next steps and Highlights:
- Develop a project plan and timeline with major milestones; that are necessary to establish this program;
- Create outline of new on-boarding program;
- Update appropriate documents and handbooks:
- Provide training to managers on new on-boarding process;
- Develop performance metrics to be tracked and reported out

II. **Expand Employee Engagement Strategies**
The department recognizes that attracting and retaining top talent is critical to MassDOT's success. Employee engagement strategies are a way to maximize the skills, capabilities and talent of our employees. When employees are engaged they invest significant effort in achieving positive work outcomes. MassDOT has recently participated in the Statewide Employee Engagement Survey administered by the Commonwealth Human Resources Division. Utilizing the results from the survey, MassDOT will create strategies to boost engagement while continuing to employ effective performance feedback, recognition and reward programs. Avenues which may be pursued include professional development opportunities through MassDOT University, pro-active marketing of promotional opportunities and career pathing, alternative rewards and acknowledgements, etc.

Next steps and Highlights:
- Develop a project plan and timeline with major milestones that are necessary to develop identified employee engagement initiatives;
- Identify and assess employee responses to the Engagement Survey by the end of FY15;

- Identify areas where MassDOT can partner with the Commonwealth in the implementation of new strategies;
- Develop new strategies and tools for engagement;
- Update appropriate documents and handbooks:
- Provide training to managers, if necessary, with regards to new initiatives;
- Develop performance metrics to be tracked and reported out.

III. Behavior Based Interview (BBI)

Incorporate performance based questions into the interview process by moving from a traditional style interview to a combined traditional/behavior-based interview. BBI has been shown to be successful in predicting future job performance and is a tool used by many companies in the candidate selection process. Fully incorporating BBI into the interview process will require HR to work closely with hiring managers to identify behaviors and competencies necessary to perform the job. It will require extensive training for hiring managers to apply these techniques independently, however with an HR representative on all interview panels the techniques can be monitored. BBI would not replace all facets of the traditional interview as noted in the proposal to initiate a combined traditional/BBI.

Next steps and Highlights:
- Develop a project plan and timeline with major milestones that are necessary to begin implementation of combined traditional/behavior-based interview;
- Develop guidelines and tools for BBI;
- Update appropriate documents, interview toolkit and handbooks:
- Provide training to HR staff and hiring managers;
- Develop performance metrics to be tracked and reported out.

HR AUDIT - HIGH LEVEL NEXT STEPS- MANAGEMENT RESPONSE
- E&Y to present audit findings to Acting Secretary DePaola in late January. Included in the discussion will be the areas that HR has proposed to focus on over the next year.
- Approval of HR recommendations by the Acting Secretary & CEO of Transportation.
- Identification of HR leads on each focus area.
- Define roles and responsibilities.
- Identification of stakeholders and affected customers.
- Creation of project plan and timelines.

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