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Members serve until a member's legislative term of office ends or until a successor is appointed, whichever occurs first.

\$5-13-202(2), MCA

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### Performance Audits

Performance audits conducted by the Legislative Audit Division are designed to assess state government operations. From the audit work, a determination is made as to whether agencies and programs are accomplishing their purposes, and whether they can do so with greater efficiency and economy.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Members of the performance audit staff hold degrees in disciplines appropriate to the audit process.

Performance audits are conducted at the request of the Legislative Audit Committee, which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

This report is distributed as required under \$5-13-304 (3), MCA, to members of the Legislative Audit Committee and other interested parties. This report contains a written response from the Department of Fish, Wildlife & Parks and we wish to express our appreciation to department staff for their cooperation and assistance during our audit.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver, Legislative Auditor

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Reports can be found in electronic format at: https://leg.mt.gov/lad/audit-reports 24P-01 March 2025



## Montana Legislative Audit Division Focused Evaluation

A report to the Montana Legislature Angus Maciver, Legislative Auditor

### Background

The Department of Fish, Wildlife & Parks (FWP) has more than 700 full-time permanent staff and up to 400 additional seasonal staff.

The Human Resources (HR) Function manages all HR activity related to department employees, such as setting up recruiting files, assisting with formal discipline letters, providing performance evaluation training, and documenting all HR-related activity. During the past two years, the department has conducted approximately 230 hiring cycles.

### Analyzing Human Resource Practices and Culture

The Department of Fish, Wildlife & Parks (FWP) faces ongoing challenges with workplace culture issues. It also has not consistently followed recruitment and performance evaluation requirements, although compliance has improved in recent years.

### What We Did

The objective of our audit was to determine if FWP follows applicable state law, rule, and department policies when hiring, supervising, and disciplining staff. We did this by reviewing FWP recruitment, supervision, and discipline documents from fiscal years 2019-2023. Specifically, we reviewed the hiring processes of 60 randomly selected FWP employees, 44 randomly selected FWP employees' performance evaluations, and 51 warning letters regarding formal discipline distributed by the department during the period reviewed. Montana law generally covers recruiting for state positions and evaluating state employees. The details are located in the Administrative Rules of Montana (ARM), the Montana Operations Manual (MOM) Policy, and the state document retention schedule. These sources are what we used to assess compliance. We also analyzed the department's recent efforts to address cultural challenges. We interviewed ten former and current FWP upper management staff and reviewed six FWP employee settlements issued during this period.

### What We Found

Regarding discipline activities, we found the department achieved 100% compliance in issuing warning letters related to formal discipline during the audit review period.

Regarding compliance in hiring and supervising, FWP inconsistently followed hiring and performance evaluation requirements. Half of all hiring documents did not include documentation indicating why the successful applicant was chosen instead of other final applicants, as required by ARM.

Regarding performance evaluations, we found the department could not locate 33 percent of the 190 that should have been completed. However, the remaining 67 percent reviewed had all the required elements. Interviewees noted instances when former leadership did not value the expertise and work of the HR function. This creates a situation where current management cannot defend all hiring decisions or ensure employees get suitable feedback to support their performance. Other causes of missing performance evaluations and hiring documents are inconsistent and inefficient filing systems due to repeated HR manager turnover. Over the five-year review period, five different HR managers implemented varying approaches to document storage, further compounding the issue.

Our work also found FWP faces ongoing challenges with low morale and other workplace culture issues. As part of the department's current culture project, a survey was sent to all FWP staff in the fall of 2023. The response to that survey indicated the areas of information, involvement, and morale needed improvement. The department is currently collaborating with staff on ways to implement changes to address these issues.

### Lack of Consistent Adherence to Seven Key Hiring Requirements

We compared the documents related to the hiring processes of a sample of 60 full-time permanent FWP employees to key requirements in ARM and the state document retention schedule to determine compliance. Figure 1 (page 3) lists the specific key hiring requirements we tested.

Regarding the 60 sets of hiring documents reviewed, we found areas of noncompliance; most notably, half of the hiring papers in our sample did not include a statement indicating why the successful applicant was chosen rather than the other final applicants as required by ARM. Other areas of noncompliance regarding hiring documents included:

- Twelve lacked evidence of matching applicant qualifications with the duties of the position.
- Four lacked documentation that consistent selection procedures were applied to all job applicants.
- Three sets of hiring documents could not be located by FWP staff, contrary to the state document retention policy.

Figure 1

# **Hiring Elements**

We selected key hiring requirements to test.



### **Selection Justification**

A consensus form or similar document should justify the selection of an applicant (ARM 2.21.3726)



### **Qualification Evaluation**

Evaluation of applicants' materials must align with job requirements (ARM 2.21.3721)



### **Posting Duration**

Job postings must appear on the state's site for at least five days (ARM 2.21.3708)



### **Selection Administration**

Procedures must be consistently applied to all selected applicants (ARM 2.21.3720)



### **Selection Procedures**

Posting must be tied to a specific position (ARM 2.21.3719)



### **Available Materials**

Applicants' submitted materials must be available (ARM 2.21.3726)



### **Retention Schedule**

All hiring documents must be kept for current employees and for three years after departure (ARM 2.21.3726)

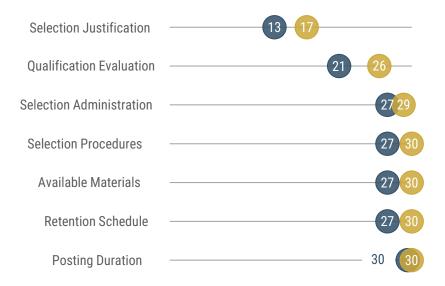
Source: Compiled by the Legislative Audit Division.

### Recent Higher Compliance Indicates Progress

Our assessment identified greater risks in earlier years, prompting us to divide the sample into two periods: 2019-2021 and 2022-2023. There were 30 sets of documents reviewed in each time period.

Figure 2

Of the 30 hires in each time period we reviewed, compliance was higher in **2022-2023** than in **2019-2021** for 6 of 7 hiring requirements we reviewed.



Source: Compiled by the Legislative Audit Division from department records.

### Key HR Hiring Documents Now Mandated To Increase Compliance

FWP has not always ensured processes are consistently followed. Noncompliance related to hiring requirements was partly due to the inconsistent use of FWP Human Resources (HR) forms, which have not always been required. Current HR staff now mandate the use of these forms. For example, FWP HR developed a Consensus Form to document why the applicant was selected over others, as required by ARM. HR management now ensures this form is included in every hiring and is kept in the hiring file. Additionally, HR staff also require a Recruiting Plan and a Request to Fill form, which includes requirements like publicly posting jobs for five days and documenting interview questions with preferred answers. The consistent use of these documents should improve compliance.

# FWP Unable To Locate 33 Percent of Requested Performance Evaluations

We reviewed a sample of 44 randomly selected employees' performance evaluations. See the requirements related to the performance evaluations in Figure 3 (page 5).

Because performance evaluations are to be conducted annually and our review time frame was five years, if each employee in our sample had worked for the department all five years we reviewed, we would expect 250 (50 x 5) performance evaluations reviewed. However, some in our sample worked for FWP for fewer than five years, creating instead an expectation of 190 performance evaluations to review. We reviewed 138, or 67 percent of our sample of 190, and found they had the required elements. However, the department could not locate the remaining 62, or 33 percent of our sample of 190. Department staff indicated they believed many evaluations had been completed in field offices and not sent to the central HR office. In addition, they stated that since 2021 all performance evaluations are to be

Figure 3



MOM Policy mandates that performance evaluations must be conducted annually.

# Montana Operations Manual

MOM Policy stipulates that performance evaluations should focus on allowable items, including employee performance, competencies, and behaviors.

### Secretary of State Retention Policy

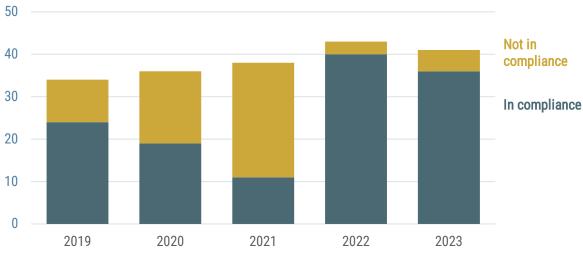
Performance evaluations must be retained for all current employees for three years.

Source: Compiled by the Legislative Audit Division.

housed in the state's electronic performance evaluation system, increasing compliance. State document retention policy states that evaluations of current employees must be retained for three years. The number of performance evaluations fluctuated throughout the review period. In 2021, during the transition to electronic record-keeping, only 11 evaluations were found—the lowest in the period—while 2022 saw a high of 43 evaluations.

Figure 4

Compliance with performance evaluation requirements declined in 2021 when the department switched from hardcopy to electronic recordkeeping.



Source: Compiled by the Legislative Audit Division from department records.

### Five Managers in Five Years Results in Challenging HR Filing Systems

HR staff acknowledges concerns about missing hiring files and the unknown locations of performance evaluations. High turnover in HR management and staff has contributed to past noncompliance. Between FY 2019 and FY 2023, the department had five different HR managers, each with their own filing system, making it challenging for current staff to locate older documents. Neither past filing protocols nor the current process were documented. The current system for filing recruitment documents partly relies on the knowledge of former HR staff, creating inefficiencies, especially for accessing older records. Related to performance evaluations, implementing a statewide performance system in 2021 has largely addressed this issue. Regarding hiring files and other HR processes, some documents are stored in large statewide systems. However, not all are. The challenging HR filing system for these documents would be addressed by a documented and efficient filing system.

### Training and Standard Operating Procedures Designed to Increase Compliance

The HR function is working to increase the number of performance evaluations conducted at FWP. It has increased training, and new training materials have been provided to supervisors. The hope is this will increase the supervisor's familiarity with the performance evaluation process and requirements and result in increased compliance with the annual requirement for performance evaluations. The department also plans to track the effect of these new efforts on compliance with annual performance evaluations. Other compliance efforts the department is working on include developing standard operating procedures.

MOM policy describes the need for internal control processes to safeguard agency resources. FWP's HR Function should have controls to ensure the recruitment and supervision policies are implemented correctly and fairly. FWP must ensure its HR function follows and requires the rest of the department to follow the internal controls in the recruitment and supervision processes. This will assure the staff and the public that these processes are being carried out appropriately and without bias.

### HR Work Not Always Prioritized Which Creates Risk

According to interviewees, former leadership did not always prioritize compliance with HR-related ARMs, MOM policies, and state retention policies regarding hiring documents and performance evaluations. Consequently, current FWP management cannot defend all hiring decisions or ensure that staff is receiving proper feedback to improve. A recent LAD audit (22P-02) of the enforcement division also highlighted issues with unmet HR requirements and inconsistent documentation. Our review found similar problems with recruitment documents and performance evaluations across all department divisions. As part of our work, we also reviewed employee settlement information. There were six employee settlements in the time period reviewed. Due to a lack of institutional knowledge, we could not discuss the details of the settlements. However, based on our review of summary information related to the settlements, we identified four that were HR-related and their cost to the department was \$186,661. The department's risk of settlements like these increases without the consistent use of proper HR Function processes.

### Recommendation #1

We recommend the Department of Fish, Wildlife & Parks:

- A. Continue to prioritize compliance with hiring and performance evaluation requirements, including developing standard operating procedures in these areas,
- B. Continue to focus on performance evaluation training and document its effect on compliance, and
- C. Develop and document an efficient filing system for HR documents that are not required to be stored in an enterprise-wide system.

### FWP Struggles With Agency Culture

While conducting our work on HR Function compliance, we identified low morale and workplace culture issues at FWP. For example, as part of the department's current culture project, in the fall of 2023, a survey was sent to all FWP staff, which received an 80 percent response rate. In the survey, staff highlighted the following areas in need of improvement:

- **Involvement:** Employees do not feel all opinions are equally valued and want more of a voice.
- **Information:** Employees want more information about agency decisions and FWP activities outside their region/division.
- **Morale:** Employees report lower levels of trust, perceived fairness, and respect from FWP management.

The survey also showed the strengths of FWP, such as work-life balance and teamwork. Some movement has been made regarding the survey findings, with a workgroup of employees meeting monthly with the head of HR and the chief of staff to discuss implementation ideas to address the issues identified in the survey. FWP management anticipates the implementation of efforts to improve culture in late 2024 or early 2025.

### Skepticism Present Regarding Upper Management's Willingness To Change

We found skepticism among interviewees regarding the former upper management's commitment to change and creating a positive organizational environment. Eight of the ten current and former management we interviewed attribute much of this to the abrasive style of some in former leadership. Some interviewees also noted that while FWP management has taken steps previously to improve organizational culture, those efforts have not gained much traction and did not include defined actions, outcomes, and goals. Interviewees stated the culture under previous leadership squashed innovation. In addition, interviewees noted a long period of low morale and other concerns with FWP's working environment.

The current efforts by the department to address its culture are positive. An employee committee meets monthly to discuss how to successfully address issues such as morale. The group also considers the areas identified on the survey as positive, such as teamwork, and builds on those as well.

### Upper-Level Departures Reducing Institutional Knowledge

Most interviewees stated that many people formerly in upper-level positions have likely left because of the difficult culture at FWP, leaving the department with several individuals on the management team who are fairly new to their roles, as seen in Figure 5. Interviewees expressed that unclear expectations led staff at all levels to adopt a "keep your head down" approach driven by a pervasive fear of reprimand.

Figure 5

The individuals in many of these upper management positions are relatively new to their roles.



Source: Compiled by the Legislative Audit Division from department records.

### Management Responsible for Setting Tone at the Top

MOM policy gives the department's upper management the responsibility of entrusting resources to the department to implement policy. This includes personnel and the culture in which they work. With the departure of former leadership, the source of much of the immediate concerns identified during audit work is no longer at the department. However, FWP must be vigilant against this kind of disruption in the future. Staff recruitment, supervision, and discipline decisions determine if a department has quality personnel, which are the largest resource for any agency. Best practices for building a positive workplace culture indicate an employee-focused, empathetic, and authentic leadership team assures employees that their leadership is there for them. The leadership team at FWP needs to work toward this kind of culture.

The Society for Human Resource Management indicates a workplace culture based on a strongly held and widely shared set of beliefs is the key to a successful organization. Best practices designed to achieve this include making clear and consistent commitments to employees and ensuring employees feel valued.

Examples of actions that the department could take include conducting iterative 360-type evaluations of upper management with that feedback communicated to management staff, as well as a commitment to securing direct feedback from staff via periodic climate surveys regarding their engagement with FWP as a workplace. Without these types of efforts, organizations run the risk of management personnel becoming disconnected from their workforce and contributing to unhealthy workplace environments.

### **Recommendation #2**

We recommend the Department of Fish, Wildlife & Parks establish, implement, and document an agency-wide plan with measurable actions and goals to address and improve department cultural challenges, including:

- A. Iterative 360-type evaluations of upper management, and
- B. Periodic direct feedback from staff via climate surveys regarding their engagement with FWP as a workplace.

# **DEPARTMENT RESPONSE**DEPARTMENT OF FISH, WILDLIFE & PARKS

### FWP.MT.GOV



### THE **OUTSIDE** IS IN US ALL.

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Angus Maciver Legislative Auditor Legislative Audit Division PO Box 201705 Helena, MT 59620-1705 RECEIVED

March 19, 2025

LEGISLATIVE AUDIT DIV.

Dear Mr. Maciver:

Please see below for the Department Response regarding the Human Resource Practices and Culture focused review:

### Recommendation #1

### Response: Concur

The Department will continue to prioritize compliance with hiring and performance evaluation requirements. The Department has already begun developing standard operating procedures (SOPs) for these areas and is on track to complete all related SOPs within the next six months.

The Department will continue to provide performance evaluation trainings for supervisors and assess these trainings effect on evaluation completion rates. The Department will also explore how senior managers can provide accountability to improve performance evaluation completion rates for each region and division.

The Department is current exploring electronic document management systems with our Technology Service System and looks to adopt a more robust document management system soon.

### Recommendation #2

### Response: Concur

The Department is already moving forward on recommendations from the Agency Culture Working Group (ACWG) to improve agency culture. These recommendations included consistent workforce culture surveying to provide direct feedback and measure the effectiveness of actions recommended by the ACWG. The Department will also plan to include 360-type appraisal for upper management as another tool to help improve agency culture.

Thank you for your and your staff's time and dedication to this work.

Sincerely,

Christy Clark
Director