



## Press Release

### Denver's Career Service Authority Seriously Flawed Agency Oversees City's \$573 Million in Payroll and Benefits

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(Denver) Seriously flawed and poorly governed is the way Denver Auditor Dennis Gallagher described the agency which has oversight of Denver's over half a billion dollar salary and benefit personnel system. In an Audit Alert released today, Gallagher outlines key concerns about the way the Career Service Authority (CSA) operates and is governed.

"This is one of the largest cost centers in the City but our investigations have determined that it is not only flawed and poorly governed but completely unaccountable to the Mayor, the City Council, my Office or the taxpayers. That is a prescription for disaster and that is what I believe we have seen," Gallagher said.

Gallagher noted that he was releasing the Audit Alert because he believed the current system is untenable and that with a new Council and Administration coming on board – as well as the ongoing budget crisis – this is an optimal time to give decision-makers a chance to address critical issues.

"Four recent performance audits of CSA and its processes indicate there are these serious flaws. Two of these audits have already been released and two are forthcoming this summer. It was my assessment that we needed to present decision-makers with some of what we have learned without waiting for the final two audits to be released. The Audit Alert, while not a full-blown audit report with findings and recommendations, presents an opportunity to call attention to these concerns by the incoming Mayor and Council as well as the Structural Financial Task Force."

The Structural Financial Task Force has been convened by current Mayor Guillermo 'Bill' Vidal to address the structural imbalance between City revenues and expenditures.

Key points in the Alert indicate an agency and the CSA governing Board:

- That is not required to have professional or other expertise to exercise its judicial responsibilities in adjudicating employment law and human resource questions which can have a negative impact on either the city or city employees;

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- Fails to monitor and improve the CSA hearing process. Denver has a significantly higher number of hearings than other comparable cities and takes significantly longer (on average twice as long) to adjudicate them resulting in tangible and intangible costs to the city;
- That could not articulate a definition of a merit-based personnel system, which the Board is charged with overseeing and which is the basis of their mission;
- That did not establish a clearly documented compensation philosophy and a consistent compensation plan;
- Lacks transparency in its actions and deliberations and is completely unaccountable to the Mayor, the City Council, the Auditor's Office or taxpayers;
- Failed to exercise appropriate oversight of the CSA Director and policies;
- Allowed the CSA to violate its own rules for the rest of the city with regard to doing timely annual performance reviews of its own employees.

“CSA rules require that timely annual performance reviews be conducted to assess employee performance. However the CSA itself failed 37% of the time to conduct these required reviews. This is twice as high as the city average. If the rule makers cannot even abide by the rules what message does that send and if the Board allows this, what message does that send? I am proud to note, however, that our office is at 100% compliance and always has been,” Gallagher noted.

He also said that the time it took for CSA to conduct its hearings was also very troublesome. He noted that benchmarking indicated that the longest any peer city took to conduct and resolve a hearing was eighty-two days but that in Denver the average was one hundred and fifty-two days.

Gallagher went on to reiterate that he had seen too many problems to wait until later this summer to alert city officials about the problems. He said that a flawed and unaccountable system and an unaccountable board leads to flawed and unaccountable decisions; a situation that is unacceptable and can lead to negative financial and other consequences for Denver, its citizens and employees.

“Board members are not answerable to the Mayor, City Council or the taxpayers and once appointed they cannot be removed for any reason – poor performance or any other reason. They will serve their full five-year term regardless of how poorly they may serve.”

“At a time when we need to make certain that every agency is doing its cost-effective best and that we need to make certain that every penny counts and no tax dollars are being wasted, we cannot allow this situation to continue.”

“We have an opportunity to reassess an agency that was created in 1954 and is operating as if it is still 1954 and make the changes necessary to reflect the reality of the 21<sup>st</sup> century. This model is simply not functioning. We need to reevaluate it and create a new model that is nimble, flexible and meets the needs of our city today.” Gallagher said.