

Performance Audit:
Written framework for
succession and transition
planning would help the
County avoid disruptions



Audit Services

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On the cover: Gateway at Meadowbrook Park. Sculpture by Amie Jacobsen. Photo courtesy of Johnson County Parks and Recreation District.

Kyra Sprenger and Michael Eglinski conducted this performance audit. Please contact Harry Heflin, County Auditor, at 913-715-1827 if you have any questions about this report.

Summary

This performance audit answers:

- Does the County have a framework for planning for succession and workforce transitions?
- What barriers make it harder to plan and what are the risks associated with planning?

Succession and transition planning helps avoid disruptions and loss of institutional knowledge when employees leave. Plans can include identifying how to fill interim positions, developing employees, and documenting processes to ensure continuity.

The County doesn't have a policy or procedure for succession and transition planning. Departments have taken some steps to better prepare for succession and transition.

Removing or reducing barriers to planning would help. We interviewed department heads to identify barriers. The barriers identified most were the lack of a County policy or procedure, other issues being higher priority, and a lack of time to plan.

The report includes two recommendations to improve the County's ability to provide services when employees leave the organization.

Sidebars in the body of the report quote department heads and illustrate key points.

We use the term "departments" to include County departments, offices and agencies.

Succession and transition planning helps avoid service disruptions and loss of institutional knowledge

What is succession planning? Succession and transition planning is a business practice where leaders regularly assess the skills in their organization, identify skill gaps and training needs, and make plans to reduce disruptions and loss of institutional knowledge.

Planning can include:



Identifying how to fill interim positions (focuses on positions).



Planning for developing employees (focuses on people).



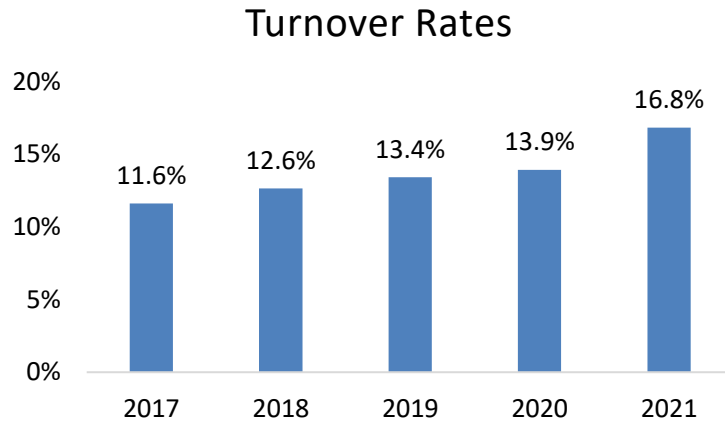
Documenting processes to ensure continuity (focuses on processes).

Succession planning helps organizations make sure that positions are filled by the right employees with the necessary competencies and that the workforce can meet future organizational goals and objectives.

Why is planning important for the County? Employees leave the County regularly. Some retire, while other may take other jobs and leave. These transitions can hurt the County's ability to provide services and meet objectives. The County can plan for transitions to reduce disruptions.

County management highlighted workforce trends, such as increased turnover rates, that could increase the need for succession and transition planning. Management reported the trends to the Board of County Commissioners in March 2022.

"This is an important topic that deserves our attention...developing strategies to reduce turnover across the organization should be a priority."



Management also noted:

- Job applications decreased for the same period; and
- In 2021, vacancies increased compared to the previous year.

Top managers identified related risks in our fall 2021 assessment of risks.

We surveyed department heads to help develop the 2022 audit plan and asked about different risks.

They identified risks related to succession and transition:

- 70 percent rated continuity of operations a medium or high risk;
- 65 percent rated leadership or management changes to be medium or high risk;
- 85 percent rated talent (people) management a medium or high risk; and
- 45 percent rated turnover as having a medium or high effect on their departments.

Planning for succession and transition is important because it is part of the County's internal control system.

Under the U.S. Comptroller General's standards for internal control, management:

- Defines succession and contingency plans;
- Addresses the need to replace competent employees over the long term;
- Trains employees to assume key roles; and
- Assigns employees to fill in when a vacancy occurs without advance notice.

County doesn't have a policy or procedure for succession and transition planning

"Succession and transition planning will look different for each County agency, department, and office. There needs to be general County guidelines for such planning along with resources to work with each department."

The County hasn't written policies and procedures for succession and transition planning. We interviewed employees in different parts of the organization. They didn't identify policies and procedures. We also reviewed Human Resources policies and procedures and didn't identify any specifically related to succession and transition planning.

While Human Resources policies and procedures don't directly address succession and transition planning, some policies and procedures address related issues. These policies and procedures cover:

- Hiring and filling positions;
- Equal opportunities;
- Expectations for the separation process; and
- Training and leadership development.

Absent written policies or procedures, departments have taken some steps to plan for succession and transition.

Some parts of the organization have taken steps to plan

Some departments took steps to prepare for succession and transition even without County-wide policies or procedures. Some department heads we interviewed described informal and formal methods of managing succession and transferring knowledge.

The County's executive leadership team met for presentations of steps taken by the Johnson County Library and the County Appraiser. They discussed succession planning in May 2022.

The Library recently developed a broad succession plan. Johnson County Library worked with a consulting firm to plan for succession and leadership development. The plan should help the Library avoid costly vacancies, ensure stable operations, develop employees and a diverse workforce. The work included specific plans for:

- Identifying interim leaders in case of unexpected departure;
- Reviewing the performance and potential of employees; and

- Developing leaders through a manager training program, leadership development course, roundtable meetings, and a book club.

The County Appraiser restructured the organization to help reduce disruptions from transitions.

The County Appraiser established new position descriptions and restructured the organization. The changes resulted in a career path for employees. The changes also result in cross-training. This requires general – rather than specialized – skills. The changes improve the department’s ability to deal with unexpected turnover. If an employee leaves, there should be several others with the knowledge to pick up the work while the position is refilled.

Departments have taken some steps to better prepare for succession and transferring knowledge

Department heads we interviewed identified practices for succession and transition planning. For example:

- Developing career ladders for positions and progression plans;
- Developing procedures and checklists; increasing efforts to document processes and controls; documenting key processes; and continuing efforts to document procedures;
- Cross training to ensure backups for key positions; increased collaborating and sharing information across the organization;
- Discussing work with employees before they leave to capture knowledge;
- Documenting continuity of operations plans that could help in some situations;
- Recruiting and retaining employees to reduce the amount of turnover;
- Providing leadership development;
- Having older and outdated succession plans that could help in some situations.

Removing barriers would make succession planning easier

Interviews with department heads identified several barriers to succession planning. Removing or reducing these barriers would make it easier for the County to create succession and transition plans. We interviewed some department heads in person and others using an online form. We sent the interview form to 24

department heads and received responses from 22. One of the responses was as an in-person interview.

We grouped barriers based on the number of people who identified them. Reducing the most significant barriers would make planning easier. Less significant barriers may affect a small number of departments, but still make planning more difficult.

TABLE 1 BARRIERS IDENTIFIED THROUGH INTERVIEWS

Tiers	Definitions	Barriers
Tier I (Most Significant)	11 or more department heads identified these as barriers	<ul style="list-style-type: none"> • No County policy or procedure on succession and transition planning • Other issues are higher priority • Lack of time to plan
Tier II	7-9 department heads identified these as barriers	<ul style="list-style-type: none"> • Lack of support from Human Resources • Lack of data needed to plan • Concern about resistance to change • Concerns about equity • Concerns about legal risks
Tier III (Least Significant)	5 or fewer department heads identified these as barriers	<ul style="list-style-type: none"> • Lack of support from top leadership • Planning is not expected • Concern about employee trust • Lack of leadership opportunities • Lack of leadership training

Lack of County policy or procedure is a barrier to planning. Johnson County government has not developed a written succession planning framework. 67 percent of the department heads we interviewed agreed that having no County

policy or procedure on succession and transition planning is a barrier.

"Without a County policy, it's a little difficult to try to formally draft a plan...To implement a succession plan at all levels of the County, the proper policy and guidelines needs to be established..."

Formal succession plans provide order to the succession process. In a formal plan, risks and strategies are identified, which provides a guiding framework for specific succession initiatives. Plans that have been carefully thought out and communicated to the organization are more likely to be successful according to best practices. Additionally, formal plans indicate organization and leadership commitment to succession and transition planning.

Other issues are higher priority. Another significant barrier department heads told us about was that other issues take a higher priority. This barrier occurs when organizations do not plan for succession due to the need to address more pressing matters, or the organization simply does not see the urgency or need to create or have a succession plan readily available to implement. More than half (57 percent) of the department heads we interviewed agreed that other business needs and strategic initiatives have taken precedence within the County.

Lack of time to plan. Finally, the last significant barrier is the lack of time to plan. Over half of department heads agreed that lack of time to plan is a significant barrier. With some departments struggling with staffing issues, finding time for succession planning has been difficult.

Planning reduces workforce & organizational risks

Succession and transition planning help reduce negative impacts when employees leave. Tools like succession plans, transition interviews, and leadership development can reduce disruption when employees leave. Disruptions can weaken the County's internal control system. Department heads described negative impacts associated with turnover and vacancies including:



Delays in meeting community needs



Increased workload for remaining employees



Stress, burnout and morale problems for remaining employees



Lost knowledge



Costs of training and development to replace employees

"Turnover is not always a bad thing for us; however, it does hurt us when we lose institutional knowledge in a role covered by an individual or team member who is part of a small unit."

Most department heads said turnover and vacancies had a negative effect. But some noted the potential for positive impacts, such as bringing in new ideas and forcing an organization to improve written documentation.

Plans should be prepared to reduce risks. County policies and procedures about succession planning could set general parameters. Plans should be tailored to the needs of each department. For example, plans may be different depending on the size of the organization and the nature of the services they provide. Plans should be regularly reviewed and updated as needed.

Succession and transition plans require careful communication with employees. Developing employees can help prepare them to be competitive for future opportunities. But development does not mean employees are pre-selected for future positions.

Succession and transition plans should be written to be consistent with existing Human Resources policies and procedures. By policy, Johnson County:

- Values a diverse workforce;
- Recruits, employs and promotes people based on qualifications and ability to perform;
- Encourages promoting and hiring from within; and
- Generally fills positions on a competitive basis.

Transition interviews would help the County capture information when employees leave. While most departments have some formal and informal methods to capture information, employees may take knowledge with them when they leave. Transition interviews allow departing employees to share information about their position, institutional knowledge, best practices, lessons learned, and work experiences. The interviews can get at unwritten norms of the organization and trends that will influence the work in the future. Transition interviews can be especially useful when a departing employee

is working on a specific project and can help ensure continuity of that project.

"...In 2021 we realized a great deal of institutional knowledge was leaving with a retiree. Although we spent several weeks in peer-to-peer transition, one of the deficits realized was that the retiree kept few notes and documentation. Since then, we have developed a more collaborative and information sharing approach...."

Several department heads noted room for improvement in capturing knowledge of employees who leave.

The County interviews employees when they leave. These exit interviews focus on employee engagement. Transition interviews focus on collecting information about the work. An employee who is leaving can think of the transition interview as a tool for providing advice to their successor.

Comparing exit and transition interviews

Exit interviews ask employees who left the County about their experiences as a County employee. Exit interviews focus on employee engagement.

Transition interviews would focus on capturing institutional knowledge before an employee leaves the County.

Exit interview questions asked by Johnson County’s Human Resources Department include:	Transition interview questions asked by a federal government agency’s management include:
What is the primary reason you ended your employment with Johnson County Government?	For what area of expertise or experience do others typically come to you?
How would you rate your immediate supervisor in the following areas: respectful, fair, recognition of achievement, etc.?	Given the talent that resides within the unit, what achievements do you think are possible in the future?
How would you rate the following within your Department/Agency: teamwork, equipment and supplies to perform job, customer focus, safety?	Are there specific products or work tools that you have developed while at the unit that would be useful to share with others?
How would you rate the following at Johnson County Government: benefits, training opportunities, your salary, performance appraisal process, etc.?	What other advice would you offer to the next incumbent in this position?

Sources: Johnson County *Exit Survey* and National Institutes of Health, Office of Human Resources *Transition Planning Interview Guide*.

Recommendations

We recommend the County Manager:

1. Write a procedure to guide succession and transition planning
2. Create a transition interview process

Management's Response

The County Manager's office appreciates the research and work that went into this audit. Succession and transition planning is an important topic for the County to be focused on. As the research in the audit shows, turnover rates have been increasing in the County. This topic is something that the organization continues to evaluate and seek out opportunities to address. We are in agreement with the recommended findings from the audit report. Steps are being put into place for the County Manager's office to partner with the Human Resources department to develop procedures for the organization with the mindset that they need to be flexible based on the unique circumstances of each department/agency. As part of the development of these procedures, we will also consult with all members of the executive team. The County Manager's office will also work with Human Resources on a strategy to provide resources to departments/agencies for transition interviews. In addition, we will develop an implementation strategy to confirm these types of interviews do occur during an employee transition.

Objectives, scope and method

The audit answers the questions:

- Does the County have a framework for planning for succession and workforce transitions?
- What barriers make it harder to plan and what are the risks associated with planning?

The County Manager highlighted issues related to succession in her May 2022 budget message. She noted that voluntary turnover increased over the last five years and increased sharply in 2021. She also noted the County anticipates seasoned employees will retire in the coming years. These workforce trends raise the urgency of planning. The Board of County Commissioners approved the performance audit as part of the 2022 annual audit plan.

To address our objective, we:

- Interviewed County management and staff to identify any current plans and barriers that could make planning harder;
- Reviewed the Johnson County Library's and the County Appraiser's planning efforts;
- Reviewed literature and County documents to identify planning frameworks and risks;
- Administered an online interview to 24 different department heads, we did not receive online interview responses from the District Attorney's Office or the Sheriff's Office; and
- Reviewed workforce data.

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.