

Span of Control: Develop a framework to monitor organizational structure

Why this audit is important

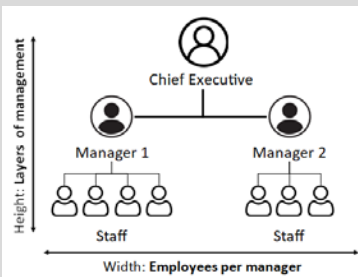
Metro has gone through significant organizational changes in recent years. The purpose of this audit was to determine how changes in span of control may affect costs and workforce planning. Comparing span of control over time can help decision-makers understand how the organization has changed and track progress towards goals.

Span of control is a management framework used to evaluate an organization's structure. It typically refers to two measures: the number of employees who report to each manager and number of layers of management.

Research suggests the ideal span of control varies between organizations and industries. Below are some of the factors that can influence what is optimal for a given organization.

- Type of work
- Scope of work
- Time in role
- Organizational stability
- Organization size

Span of control measures the height and width of an organization



Source: Metro Auditor's Office

What we found

The audit found that greater analysis of span of control would provide a more objective and consistent method for managing organizational change. Although there are different opinions about the optimal span of control, using the analysis to evaluate organizational structures would add value. To get the most value out of the analysis it would be beneficial to group organizational units with similar business needs together to establish appropriate benchmarks.

As of January 2024, the average manager in central and government services supervised between five and six employees, while a manager at the visitor venues supervised between six and seven. At that time, visitor venues had about one additional average layer of management compared to the other group. These variations may indicate fundamental differences in management responsibilities in each group.

The number of employees reporting to each manager decreased. Layers of management stayed about the same.

	Employees per manager change	Layers of management change
Government & Central Services	-16%	6%
Visitor Venues	-29%	-2%
Agency Average	-26%	-3%

Source: Auditor's office analysis of span of control changes between 2020 and 2024 using data from PeopleSoft Human Resource Information System. Does not include the Office of Metro Attorney, the Office of the Metro Auditor, or elected positions.

Salaries tied to management are typically higher than non-management employees. As a result, organizational structures with fewer employees per manager or more layers of management can increase personnel costs. By monitoring span of control, Metro can determine if it needs to realign its workforce to manage costs or plan for higher costs of management during times of disruption.

The organizational changes Metro has experienced were affected by multiple trends such as increased remote work, changes in the labor market, the duration of employee tenure, and organizational goals. Identifying the extent to which these trends are having an impact and documenting the strategies used to manage them would support effective, efficient, and equitable organizational management.

What we recommend

The audit included four recommendations. Two were designed to improve the consistency of organizational structure development by making greater use of span of control analysis. The other two focused on monitoring trends and learning more about drivers of organizational change.