
CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Follow-Up Audit of Human Resources

Hiring Practices

Project No. AU17-F03

January 11, 2018

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the recommendations made in the audit of Human Resources COSA Hiring Practices dated November 2, 2015. The objective for this follow-up audit is:

Determine if the recommendations made in the prior audit of the HR COSA Hiring Practices have been effectively implemented.

We determined that Human Resources (HR) has successfully implemented adequate controls to address prior audit recommendations.

There were five recommendations made in the prior audit and all have been implemented. HR has implemented quarterly data accuracy reviews that include verifying education and certification requirements. Additionally, they have implemented on-line training resources for the Supervisor Excellence Training (SET) Academy and now track supervisor attendance to SET. HR has also updated temp agency contracts to include standard language for pre-employment screening requirements. In addition, they have implemented contract administration plans (CAPs) that effectively monitor each contract. Also, HR now performs quarterly system access reviews. Finally, HR has developed additional reporting and tracking procedures for performance measures and statistics.

Management's acknowledgement is in Appendix B on page 7.

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Background

In November 2, 2015, the Office of the City Auditor completed an audit of the HR COSA Hiring Practices. The objective of the audit was as follows:

Are COSA hiring practices consistent with internal policies and are metrics accurately reported?

The Office of the City Auditor concluded that overall, HR COSA hiring practices are consistent with internal policies and metrics are accurately reported per current guidelines. However, we identified areas that need improvement to serve as effective controls for monitoring and tracking of HR hiring processes.

Independent reviews were not taking place for data used throughout the hiring and on-boarding processes. Additionally, training that communicates HR guidelines, laws, and regulations was not provided to all employees responsible for interviewing and selecting candidates. Also, contracts with staffing agencies and other HR service providers were not being monitored to ensure that contract terms, including the screening of temporary employees, were being met. In addition, monitoring controls to ensure appropriate user access were not effective. Finally, performance measures used to track achievement of goals did not provide sufficient indication of the effectiveness of HR activities.

Audit Scope and Methodology

The audit scope was limited to the recommendations and corrective action plans made in the original report for the time frame FY 2017.

We interviewed HR management and staff to gain a detailed understanding of the action plans that have been implemented for each finding from the prior audit.

We obtained the new hire data accuracy reviews for FY 2017 to determine if HR is performing the required data accuracy checks. For the data accuracy review performed in the third quarter of FY 2017, we obtained a sample of 25 new hires to determine if HR is obtaining the required new hire documentation.

We determined if HR is tracking attendance to the SET Academy and communicating it to departments.

We obtained the three temp agency contracts to determine if they had been updated to include standard language for pre-employment screening requirements. Additionally, we determined if HR had developed policies and procedures for departments to follow when they utilize temp agencies. Finally, we obtained the CAPs to determine if HR is effectively monitoring the temp agency contracts.

We obtained the quarterly system access reviews for FY 2017 to determine if HR is properly monitoring system access. Additionally, we obtained the listing of users as of 9/26/2017 for each system to determine if user access was appropriate.

We obtained the Director Dashboard reports for a random sample of five departments to determine if HR was recording the appropriate hiring statistics. Finally, we obtained the COSA Events Recruitment spreadsheet to determine if HR was now tracking recruitment events and recording applicable information.

Our testing of HR systems was limited to verifying that access controls were effective. We do not believe that the absence of testing additional general and application controls had an effect on the results of our audit.

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.

Prior Audit Recommendations and Status

A. Lack of Reviews for Data Accuracy and Completeness

Prior Recommendations:

We recommend that the Director of HR:

1. Include independent reviews within the processes or implement quarterly audits to ensure accuracy and completeness.
2. Verify all levels of higher education and certifications listed on a candidate's resume during the pre-employment screening process.

Status: Implemented

HR has implemented quarterly data accuracy reviews that include verifying education and certification requirements. We obtained the quarterly data accuracy reviews for FY 2017 and determined HR is performing the required reviews.

Additionally, for the data accuracy review performed in the third quarter of FY 2017, we obtained a random sample of 25 new hires from a population of 48 and re-performed the review. We determined HR is obtaining all required new hire documentation. This includes verifying higher education and certification requirements for minimum requirements and non-standard hire transactions that require approvals beyond the department level.

Recommendations

None.

B. Insufficient Communication of Laws, Regulations, and Guidelines

Prior Recommendation:

The Director of HR should provide additional options such as online training modules to assist in improving employee attendance and ensuring that employees are educated on hiring policies and best practices.

Status: Implemented

The SET Academy is used by supervisors to provide them with consistent policies for recruitment and management of employee performance. HR now tracks attendance and communicates to departments on a quarterly basis the

number of supervisors that have attended and the number that are still outstanding.

Additionally, HR has developed the SET Tool Kit. This is an on-line resource that supervisors can use to obtain answers to frequently asked questions regarding SET topics.

Recommendations

None.

C. Temp Agency Contracts

Prior Recommendation:

We recommend the Director of HR:

1. Institute a requirement that HR be involved in the initial procurement process to ensure that staffing agency contracts include the required screening requirements.
2. Also, provide oversight and guidance to ensure that contract administration plans are implemented for HR contracts.

Status: Implemented

HR has updated the temp agency contracts to include a standard clause that details the pre-employment screening requirements. Additionally, policies and procedures have been developed for departments to follow when they utilize one of the contracts. These also indicate that the temp agencies are responsible for performing the pre-employment screening requirements.

HR has developed CAPs to monitor the temp agency contracts. We obtained and reviewed the CAPs for each contract and determined they are effective to adequately monitor the contract.

Recommendations

None.

D. Inappropriate User Access

Prior Recommendation:

The Director of HR should strengthen the controls over user access to ensure that access is promptly removed when no longer needed and that periodic, thorough reviews are performed. Additionally, reviews should be documented and kept on file.

Status: Implemented

HR now performs quarterly system access reviews of five HR recruitment systems. We obtained and reviewed the quarterly access reviews for FY 2017 and determined HR is performing the required system access reviews. Additionally, we obtained a current listing of users for each system and determined all users had appropriate access.

Recommendations

None.

E. Performance Metrics

Prior Recommendation:

The Director of HR should update metrics to more closely measure the department's effectiveness and efficiency in reaching its performance goals.

Status: Implemented

HR has developed additional reporting and tracking procedures for performance measures and statistics. Quarterly, HR distributes to departments the Director Dashboard report. This report details information such as number of qualified applicants and hires, average number of business days to fill a position, and turnover rates. Additionally, HR tracks recruitment events and has now expanded reporting to include information such as the event name, location, cost, and number of participants reached.

Recommendations

None.

Appendix A – Staff Acknowledgement

Buddy Vargas, CIA, CFE, Audit Manager
Douglas Francis, Auditor in Charge
Nastasha Leach, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

December 20, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Human Resources Hiring Practices Follow-up Audit

Human Resources has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Human Resources:

Fully Agrees

Does Not Agree (provide detailed comments)

Sincerely,

Handwritten signature of Lori Steward in cursive script.

Lori Steward
Director
Human Resources

12/20/17
Date

Handwritten signature of Ben Gorzell in cursive script.

Ben Gorzell
CFO
City Manager's Office

12/20/17
Date