

Hiring Process Audit

January 23, 2020

Project Team:

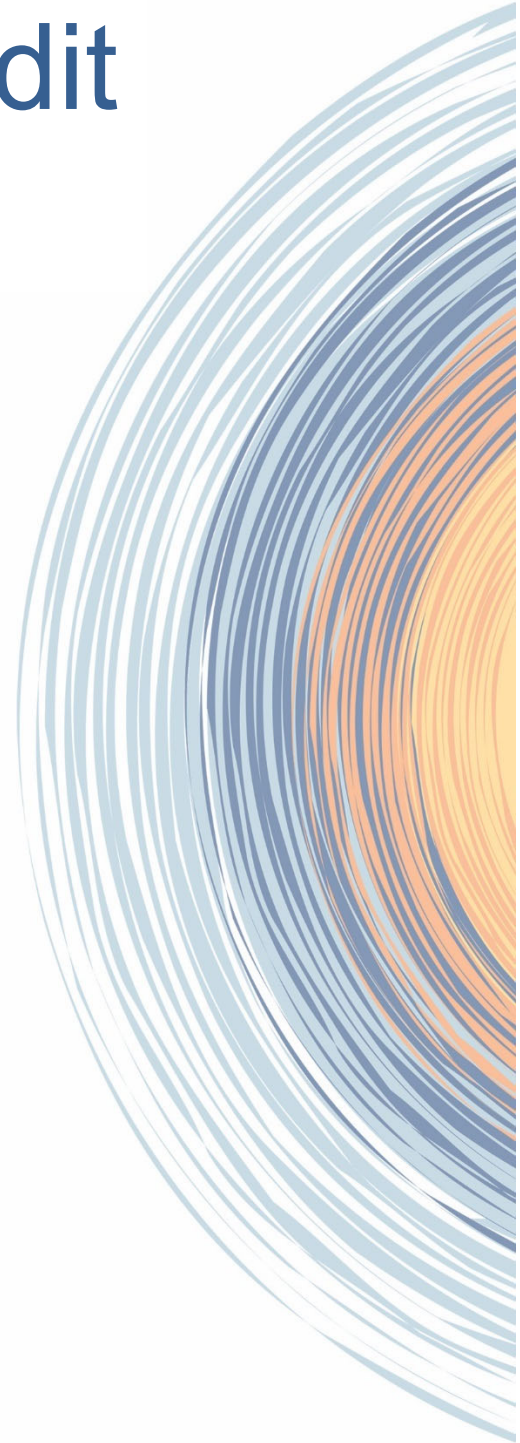
Bill Greene, City Auditor
Angela Hill, Internal Auditor I

Mission Statement

To enhance and protect organizational value by providing high-quality, objective, risk-based audit and consulting services to assist the City in accomplishing strategic priorities, goals, and objectives.



20 E. 6th Street, 2nd Floor | Tempe, AZ 85281 | 480-350-8982



Executive Summary

Purpose

The Internal Audit Office (IAO) reviewed the City of Tempe's (City's) recruitment process to determine if policies were effective, recruitments followed established policies, and performance measures were designed to advance outcomes for the recruitment process.

Background

The Human Resources Division (Human Resources) is primarily responsible for designing, coordinating and managing the City's recruitment processes. In FY 2018-19, Human Resources processed 175 recruitments.

Human Resources recently updated and established new policies for the recruitment process. These updates include revisions to the Personnel Rules, development of the Recruitment and Selection Guideline and Interview Panel Member Agreement form. Deployment of the Recruitment and Selection Guideline and Interview Panel Member Agreement form have been included in recruitments effective May 2019.

Results in Brief

1. Overall, City recruitment policies are comprehensive and inclusive of organizational goals. The policies were designed to encompass the recruitment process, are compliant with applicable laws and consistent with other jurisdictions we surveyed.
2. Most of the recruitments we tested followed the City's process, but there were some inconsistencies in document retention and organization as well as panel member instructions.
3. Although data is currently being collected on recruitments, organizational hiring performance measures have not been fully developed. Use of organization-level performance metrics presents an opportunity to leverage better outcomes for the recruitment process.

Recommendations

Our detailed audit report includes several recommendations to address process improvement, accuracy, and additional incorporation of equity and inclusion in the City's recruitment activities.

Department Responses to Recommendations

<p>Rec 1.1 Re-evaluate the City Personnel Rule that limits recruitment opportunities to internal employees when five or more internal candidates apply to determine if benefits outweigh negative impacts of limiting open competition.</p>	
<p>Response: Changing this personnel rule would require receiving direction from City Management. HR will begin this process by including this discussion topic on the agenda for the next Six-Sided Partnership meeting.</p>	<p>Target Date: April 15, 2020</p>
<p>Explanation for Target Date > 90 Days: N/A</p>	
<p>Rec 1.2 Develop additional tools to educate employees on the recruitment process, such as additional training and consolidation of recruitment policies in a central location on SharePoint.</p>	
<p>Response: HR will offer a training, such as a “lunch and learn” sometime in the next <i>90 days</i>. HR will include a tile on the website to provide recruitment and selection information at a centralized location on the web within <i>90 days</i>.</p>	<p>Target Date: April 30, 2020</p>
<p>Explanation for Target Date > 90 Days: N/A</p>	
<p>Rec 2.1 Incorporate license, certification, and education verification in the hiring process.</p>	
<p>Response: HR added a step in the selection process that requires candidates to provide documentation of any licenses, certificates, and/or educational diplomas prior to second interviews.</p>	<p>Target Date: Implemented January 2020</p>
<p>Explanation for Target Date > 90 Days: N/A</p>	
<p>Rec 2.2 Revise the recruitment folder checklist to ensure that required documents are maintained consistently in recruitment files on the shared drive and recruitment folders copies.</p>	
<p>Response: To limit the amount of hardcopy material retained in storage, HR maintains most of the recruitment records in either the</p>	<p>Target Date: February 2020</p>

<p>electronic recruitment folder or in the applicant tracking system (PeopleSoft). Generally, only standalone, hardcopy records are kept in the recruitment folders.</p> <p>The checklist form is currently being revised to better reflect HR's current practice and where each document is located.</p>	
Explanation for Target Date > 90 Days: N/A	
Rec 2.3 Establish a checklist for personnel files to ensure necessary documents are maintained consistently in personnel files.	
<p>Response: HR is currently creating a checklist for personnel files. This checklist will be kept in the personnel file.</p>	<p>Target Date: February 2020</p>
Explanation for Target Date > 90 Days: N/A	
Rec 2.4 Standardize panel training script to ensure that each subject area is conveyed consistently to each panel.	
<p>Response: HR has each panel member sign an acknowledgement form that covers the panel's responsibilities.</p> <p>HR will develop a single script to use while conducting the panel's pre-interview briefings.</p>	<p>Target Date: February 2020</p>
Explanation for Target Date > 90 Days: N/A	
Rec 3.1 Develop performance measures for the recruitment process and ensure alignment with council priorities.	
<p>Response: HR agrees to identify performance indicators that align with Council priorities.</p>	<p>Target Date: April 2020</p>
Explanation for Target Date > 90 Days: N/A	
Rec 3.2 Work with the City's Equity and Inclusion Manager to review potential methods to increase equity and inclusion in recruitment activities.	
<p>Response: HR will meet with the City's Equity and Inclusion Manager and review possible methods of increasing equity and inclusion in the recruitment and selection process.</p>	<p>Target Date: March 2020</p>

1 – Hiring Process Design

Background

The Internal Audit Office (IAO) reviewed City of Tempe (City) policies and training that encompass the recruitment process. Policies reviewed include:

- City of Tempe Personnel Rules
 - Section 101: Authority and Purpose
 - Section 201: Classification Administration
 - Section 202: Compensation Administration
 - Section 301: Requirements for Employment
 - Section 302: Recruitment
 - Section 303: Selection
 - Section 402: Diversity and Inclusion
- Tempe City Code
 - Section 2-139-Internal Services Department
 - Section 4.02- Merit System
- MOU's
 - Firefighters' Unit
 - TOA
 - TSA
 - UAEA
- Recruitment and Selection Guideline
- Supervisors Academy
 - Job Descriptions, Classification, Recruitments and Selection

Approach

To determine if City of Tempe recruitment policies and processes were designed to ensure the best possible outcome, we:

- Benchmarked policies with 7 comparable sized cities;
- Reviewed Federal and State laws applicable to recruitment and selection process to determine compliance;
- Identified the methods in which recruitment guidance was disseminated throughout the organization.

Results

Overall, the City's hiring process was designed comprehensively, inclusive of organizational goals, and consistent with similar organizations. We identified one policy that warrants additional review because of its potential to limit open competition for certain recruitments.

Recruitment policies were benchmarked with 7 similar jurisdictions throughout the country. Each organization was asked to supply their recruitment policies for

comparison to City recruitment policies. Benchmarking results demonstrated that current recruitment policies are largely consistent with the survey cities.

An area of exception was Personnel Rule, Section 302 governing the selection process when 5 or more internal candidates are available. (Section 302) states:

“When a concurrent recruitment results in an eligibility list (applicants meeting the minimum qualifications) with five or more internal applicants, the hiring supervisor is required to first conduct a selection process for only the internal applicants. Hiring supervisors shall not be permitted to review applications from external applicants if an internal selection process is required to be conducted first. External applications will be provided for review only after an internal selection process does not result in the position being filled.”

An additional request was made to compare this specific policy to benchmarked cities. Of the eight surveyed, only one had a similar policy (See table below).

City	internal recruitment if 5+
Chandler	No
Durham, NC	No
Gilbert	No
Mesa	No
Peoria	No
Phoenix	No
Pueblo, CO	Yes
Scottsdale	No

This policy limits competition and potentially reduces the opportunity for applicants with more diverse skill sets from outside the organization to participate in certain job recruitments.

We did not identify any City Recruitment Policies that were contrary to Federal and State laws

The U.S. Equal Employment Opportunity Commission and Society for Human Resource Management were used to establish a listing of federal and state laws applicable to the recruitment process. Laws applicable to the recruitment process we reviewed include:

- Civil Rights Act 1964
- Equal Pay Act 1963
- Americans with Disabilities Act 1990
- Employment Eligibility Verification
- Arizona Civil Rights Act
- Arizona Equal Pay Statute
- Legal Arizona Workers Act

City of Tempe addresses these legal requirements in the City of Tempe Personnel Rules:

- Section 101- Merit Based Hiring
- Section 202- Equal Pay
- Section 301- Legal Requirement to Work
- Section 402- Discrimination

HR communicates the City's recruitment process and organizational goals in several ways. Additional communication and training would be helpful to enhance organizational knowledge and highlight the importance of adherence to City guidance.

Internal Audit staff researched and identified recruitment policy accessibility. We additionally requested information describing how recruitment policy is communicated throughout the organization from HR staff to confirm research results. Recruitment policy is currently accessible through:

- Personnel Rules
- HR Recruitment and Selection Guideline
- Supervisor Checklist for the Recruitment Process
- Supervisors Academy

Communication of recruitment policies and training can be enhanced through the development of guidance centrally located and accessible to all employees on the hiring process and periodic "refresher" training. This would enhance organizational knowledge and highlight the importance of the recruitment process.

Recommendations

- 1.1 Re-evaluate the City Personnel Rule that limits recruitment opportunities to internal employees when five or more internal candidates apply to determine if benefits outweigh negative impacts of limiting open competition.
- 1.2 Develop additional tools to educate employees on the recruitment process, such as additional training and consolidation of recruitment policies in a central location on SharePoint.

2 – Process Verification

Background

City of Tempe Personnel Rules, Tempe City Code, Memoranda of Understanding (MOU's), and HR Guidelines govern the recruitment process. The Human Resources Division developed and continually updated guidelines and processes to direct HR staff and department personnel through the recruitment process. HR staff processed 175 recruitments opened from July 1, 2018 to June 30, 2019. The majority of the recruitments were conducted to fill one vacancy, but there are often positions that recruit for multiple positions including Custodian, Communications Dispatcher, Detention Officer, Police Officer, and Solid Waste Equipment Operator.

Full-time and part-time regular recruitments are led by HR in coordination with hiring department personnel. Hiring department staff submit a Request to Fill Vacant Position form to the Municipal Budget Office for approval. Once approved, this form is forwarded to HR. This document includes specific information about the reason for the vacancy, job description and requirements, job schedule, funding and authorization. Human Resources then assigns this recruitment to an HR analyst to begin the opening process and coordinate the recruitment steps and documentation activities.

Approach

We reviewed thirty-two regular full-time recruitments with closed dates of January through August of 2019. Recruitment policy documentation and forms were reviewed for each recruitment. This included the opening, interview, and selection phase. Recruitment documentation was obtained from HR shared drive, PeopleSoft HRMS, and recruitment copy folders. To determine if selected recruitments followed the recommended process, we:

- Identified risks and controls related to recruitment processes
- Obtained records of closed recruitments from January-August of 2019
- Reviewed supporting documentation for closed recruitments
- Documented any variances in HR policy and recruitment documentation

Results

Our review of the selected recruitments demonstrated that overall, the City's recommended processes were followed. We identified a few areas of minor improvement, as noted below:

Licenses, certifications, and education are not verified as part of the hiring process. Verifying this information prior to an offer of employment would confirm that selected candidates have the required education, licenses, and certifications in good standing to fulfill the obligations of the position.

HR staff were interviewed to determine process steps for recruitments. Licenses, certifications, education verification and documentation were discussed as part of staff interviews. Recruitment policy does not address verifying candidate credentials. New hires are informed to provide confirmation of credentials at new hire appointment. If the employee fails to submit documentation, there is no reevaluation to ensure validity of credentials.

Inconsistencies exist in document retention on the HR shared drive, recruitment folders, personnel files, and instructions provided to interview panels. Consistency is essential to ensure that staff follow all the steps of the process and document support of the recruitments. This aids in preparedness for challenges to recruitments and demonstrating compliance with legal requirements.

Our review of recruitment files resulted in some discrepancies in document retention and missing and incomplete forms. Instances of missing documents include:

- I-9 Employment verification forms
- Panel member agreement form
- Final interview schedules
- Final recommend sheet
- Criminal History Disclosure Form
- Wage assignment acknowledgement
- Loyalty Oath
- Retiree return to work form

Incomplete documents include:

- Completed recruitment checklist
- Request to fill vacant position

Interview panel training is conducted for each panel prior to the commencement of interviews. The analyst ensures that each panel member and observer sign the panel member agreement form and provides direction on the interview process. Analysts do not use a standardized script for panel training. This results in variations in panel training by each analyst. Consistency is essential to ensure that interview panels are uniformly educated on panel responsibilities.

Recommendations

- 2.1 Incorporate license, certification, and education verification in the hiring process.
- 2.2 Revise the recruitment folder checklist to ensure that required documents are maintained consistently in recruitment files on the shared drive and recruitment folders copies.
- 2.3 Establish a checklist for personnel files to ensure necessary documents are maintained consistently in personnel files.

2.4 Standardize panel training script to ensure that each subject area is conveyed consistently to each panel.

3 – Performance Measures

Background

The City of Tempe established five City Council Strategic Priorities to emphasize a commitment to the community. Each City department has created its own performance measures related to a strategic priority to provide outcome measures for aligned programs and services. The Human Resources Division identified performance measure 2.20 as related to the hiring process.

- Performance measure 2.20 - Achieve a diversity of City employees for gender and ethnicity within +/- 5% to reflect Maricopa County's population as measured in the most recent U.S. Census.

Approach

The IAO reviewed industry key performance indicators, identified City of Tempe performance measures, and met with the City's newly appointed Equity and Inclusion Manager. To determine if current recruitment performance measures are designed to advance outcomes of the recruitment process, we:

- Reviewed current Human Resources recruitment performance measures
- Researched industry key performance indicators
- Met with the Equity and Inclusion Manager

Results

Performance measures specific to the recruitment process have not been established.

Although data is currently being collected on recruitments, organizational hiring performance measures have not been fully developed. Use of organization-level performance metrics presents an opportunity to leverage better outcomes for the recruitment process.

Research of industry key performance indicators provides latitude for growth.

Tempe City Council Strategic Priorities were reviewed to identify performance measures for the recruitment process. Performance measure 2.20 was identified as related to the recruitment process.

- *Achieve a diversity of City employees for gender and ethnicity within +/- 5% to reflect Maricopa County's population as measured in the most recent U.S. Census.*

Communication with HR Manager indicated that this performance measure is under development to determine the best methods to track and capture data. Although this performance measure is related to the recruitment process, the outcome of this

performance measure is not directly tied to current policy for recruitment processes. Further research was performed to determine performance indicators that are presently used in industry and federal government recruitments.

The Society for Human Resource Management's 2017 Customized Talent Acquisition Benchmarking Report provided examples of industry key performance indicators. These metrics for selection include:

- Time to fill vacancy
- Open to approval
- Approval to job posting
- Job posting to start screening
- Screen applicants
- Conduct interviews
- Make final decision
- Offer to acceptance

The Office of Personnel Management has established *the End to Ending Hiring* initiative (E2E) which has been adopted by several federal agencies to address issues in the competitive hiring process within the federal government. The E2E initiative addresses workforce planning, recruitment, hiring process, security and stability, and orientation. A component of E2E includes a hiring roadmap for all segments of the process. This initiative is geared toward enhancing clarity and providing positive outcomes for the hiring process for all stakeholders.

The recent hiring of a new Equity and Inclusion Manager provides an opportunity for HR to further develop unique strategies to increase equity and inclusion in the recruitment process.

The City recently hired a new Equity and Inclusion Manager. IAO staff met with her to discuss her perspectives and ideas for increasing equity and inclusion in the recruitment process. The Equity and Inclusion Manager expressed a desire and willingness to work directly with HR staff to create a customized plan for recruitment activities.

Recommendations

- 3.1 Develop performance measures for the recruitment process and ensure alignment with council priorities.
- 3.2 Work with the City's Equity and Inclusion Manager to review potential methods to increase equity and inclusion in recruitment activities.

Scope and Methods

Scope

IAO reviewed Human Resources current policies as of May 2019. Thirty-two closed recruitments and supporting documentation from January-August of 2019 were identified for review to determine if City of Tempe recommended processes are followed and designed effectively.

Methods

We used the following methods to complete this audit:

- Interviewed HR personnel to determine processes and policies for recruitment
- Reviewed City of Tempe Personnel Rules, City Code, MOU's, HR policy and training materials
- Benchmarked City of Tempe policies to comparable sized organizations
- Reviewed laws pertaining to recruitment processes
- Identified 32 recruitments for evaluation and reviewed policy adherence and document retention
- Evaluated department performance measures and reviewed industry key performance indicators

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.