



City Hiring and Promotion Practices

WHAT WE DID

The purpose of this audit was to determine whether City hiring and promotion practices were conducted in accordance with applicable policies and procedures, state and federal requirements, and industry best practices. The scope of our audit included a review of certain citywide personnel actions to include hiring and promotion practices and related compensation activities for the five fiscal-year period October 1, 2012, through September 30, 2017. Specifically, we examined personnel actions for certain part-time and full-time temporary and permanent employees who were hired, rehired, and/or received a pay increase during the audit period.

WHAT WE CONCLUDED

For the personnel actions for which supporting documentation was available, we concluded those employees were hired and compensated in a manner consistent with governing policies and procedures. However, our testing disclosed that required supporting documentation for personnel actions was not always available for examination. Therefore, we were unable to make an overall determination as to whether City hiring and promotion practices were conducted in accordance with applicable City policies and procedures during the period addressed by this audit.

OPPORTUNITIES FOR IMPROVEMENT

Based on our examination of the City's hiring and promotion practices, we identified opportunities for improvement and made recommendations related to:

- The utilization of a formal, efficient, and effective records management process for the storage and retrieval of hiring and promotion records;
- The strengthening of personnel policies and procedures pertaining to documentation requirements related to the approval of pay exceptions;
- The processing of all pay increases in a manner consistent with standard practices;
- The granting of proper access to the City's human resource management system;
- The clarification of policies and procedures related to the advertisement of temporary positions; and
- The implementation of enhanced post-employment background screenings.

Management has already taken actions to address some of the opportunities for improvement identified during the audit and other actions are planned.

Report #1904 Audit of City Hiring and Promotion Practices



April 12, 2019

City of Tallahassee
Office of the City Auditor

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Audit of City Hiring and Promotion Practices

EXECUTIVE SUMMARY

WHAT WE DID

This audit of City of Tallahassee (City) hiring and promotion practices was included as part of the annual audit plan. Our audit purpose was to determine whether City hiring and promotion practices were conducted in accordance with applicable policies and procedures, state and federal requirements, and industry best practices. The scope of our audit included a review of certain citywide personnel actions to include hiring and promotion practices and related compensation activities for the five fiscal-year period October 1, 2012, through September 30, 2017. Specifically, we examined personnel actions for certain part-time and full-time temporary and permanent employees who were hired, rehired, and/or received a pay increase during the audit period.

WHAT WE CONCLUDED

For the personnel actions for which supporting documentation was available, we concluded those employees were hired and compensated in a manner consistent with governing policies and procedures. However, our testing disclosed that required supporting documentation for personnel actions was not always available for examination. Therefore, we were unable to make an overall determination as to whether City hiring and promotion practices were conducted in accordance with applicable City policies and procedures during the period addressed by this audit.

OPPORTUNITIES FOR IMPROVEMENT

We identified opportunities for improvement to strengthen controls over the City's hiring and promotion practices. The tables that follow include our observations on existing conditions, relevant criteria governing the identified conditions, the cause and effect (impact) of such issues, our associated recommendations, and management's response thereto. The opportunities for improvement related to the need to: (1) consistently utilize a formal, efficient, and effective records management program for the storage and retrieval of hiring and compensation records; (2) strengthen existing personnel policies and procedures pertaining to pay exception requests and approvals; (3) process all pay increases in a manner consistent with standard practices; (4) grant proper access to the City's human resource management system; (5) clarify policies and procedures related to the advertisement of temporary positions; and (6) implement enhanced post-employment background screenings. See Appendix A at the end of the report for detailed supplementary background information on the City's hiring and promotion processes. The background section also describes actions already taken by management to address some of the opportunities for improvement, while other planned actions are described in Appendix C, Action Plan.

OBSERVATIONS

Element	Observation 1: Record Keeping
<p style="text-align: center;">Criteria</p>	<p>City policies and procedures related to hiring and promotion processes and associated records are included in the following areas:</p> <ul style="list-style-type: none"> • Policy No. 206 <i>City of Tallahassee Policy on Public Records Request Procedures</i>; • Policy No. 1204 <i>Title VI and Nondiscrimination Policy and Plan</i>; • <i>Human Resources Personnel Policies and Procedures Manual</i>, Policy Nos. 701, 702, 703, 704, 705, 706 and other personnel-related City policies; • City Commission Policy No. 140, <i>Public Records, Records Retention, and Disposition Policy</i>¹. <p>In addition, the City must comply with federal non-discrimination laws, state public records laws, and records retention requirements.</p>
<p style="text-align: center;">Condition</p>	<p>For the personnel actions for which we received all requested documentation from Human Resources and Workforce Development Department (HRWD) staff, we concluded employees were generally hired and compensated in a manner consistent with governing policies and procedures. However, HRWD record keeping practices did not ensure that all documentation pertinent to hiring and promotions could be readily located and provided upon request.</p> <p>Specifically, we examined 81 personnel actions (i.e., hiring and compensation) associated with 64 different employees. Our audit testing disclosed that one or more of the records supporting a personnel action could not be produced for 22 of the 64 sample items we tested.²</p> <p>Records were not always readily available to demonstrate that, for instance:</p> <ol style="list-style-type: none"> 1. Job requisitions were properly processed (one instance); 2. Approvals to advertise a vacancy were obtained from the appropriate City official (three instances); 3. Job vacancies were properly advertised (one instance); 4. Job applications were properly submitted following the City's application process and within the advertisement period (four instances); 5. Interviews were conducted (nine instances);

¹ In March 2018, the City amended the 2007 version of the public records policy combining *Public Records Policy* (No. 140) and the *Records Retention Policy* (No. 146) into a single *Public Records, Record Retention, and Disposition Policy*.

² In computing the percentage of personnel actions for which one or more supporting records were not provided, we did not include reference checks because those records are retained at the department level; however, HRWD is required to retain reference checks in accordance with the General Records Schedule GS1-SL for State and Local Agencies as referenced in Section 257.36, Florida Statutes.

	<p>6. Hired employees were selected from among those listed on the Eligibility Report (three instances);</p> <p>7. Reference checks were performed for selected candidates (14 instances);</p> <p>8. Budget reviewed and approved Personnel Action Forms (PAFs)³ (11 instances);</p> <p>9. Pay increases were justified and properly supported (two instances);</p> <p>10. Performance evaluations demonstrated employees merited pay increases (one instance); or</p> <p>11. The appropriate City official approved pay exceptions (four instances).⁴</p> <p>HRWD management is aware of the record keeping issues and expects to address them via software upgrades to the PeopleSoft Human Capital Management system and an associated “add on” software which is expected to enhance current capabilities including enhanced process workflow and documentation. In addition, based on the results of our audit testing, the HRWD Director issued to applicable HR staff a directive to obtain from departments verification of all reference checks and to upload such documentation in personnel files in OnBase (the City’s electronic document management system).</p>
Cause	<p>HRWD does not consistently utilize formal, efficient, and effective records and information management practices for the storage and retrieval of hiring and promotion documentation. HRWD records were maintained in a decentralized environment which did not take full advantage of the City’s electronic document management system (EDMS) and its successor, OnBase.</p>
Effect	<p>Without effective records and information management, it was difficult for HRWD to demonstrate compliance with internal controls related to authorizations and justifications for hiring and promotion decisions or with City policy, state laws, and federal laws related to public records and records retention.</p> <p>In the absence of effective records and information management, the City will not attain all the benefits of such a program. Program benefits include compliance with public records and retention requirements, faster retrieval of information, space savings, fewer lost or misfiled records, enhanced information security, and reduction of expenditures for records filing. Proper records management also ensures information is available when and where it is needed, in an organized and efficient manner, and in an appropriate environment.</p>

³ Personnel Action Forms (PAFs) are used to document employee events such as hiring, changes in status, adjustments in compensation, and terminations.

⁴ A pay exception is any deviation from the City’s *Pay Administration Guidelines*, such as pay that is awarded above the maximum allowable compensation rate.

<p>Recommendation</p>	<p>To ensure the retention, organization, and ready availability of records related to and supporting City personnel actions, we recommend HRWD management work in conjunction with the City Treasurer-Clerk and the designated Custodian of Records to develop a standardized process for ensuring all hiring and promotion records are timely uploaded, indexed, and retained in the City’s centralized records repository (OnBase) or other records retention system as provided for by City policy.</p> <p>For guidance, HRWD should refer to the <i>Florida Department of State, Basics of Records Management Handbook</i>, to help ensure the many benefits of an effective records and information management program are achieved.</p> <p>We also recommend HRWD amend its operating procedures to require that all hiring, promotion, and compensation records be uploaded into OnBase (or other records system as provided for by City policy) in a timely manner (e.g., within seven days).</p> <p>Finally, we recommend that a quality control process be developed providing that each personnel action processed by the HRWD department is reviewed for completeness and sufficiency of supporting records; and that such records have been included in a records retention system such that they can be retrieved in a timely manner when requested.</p>
<p>Management Response</p>	<p>We concur with the audit observation that as a general rule, employees were hired and compensated in a matter consistent with governing policies and procedures. Although the audit indicates that some personnel action documents could not be located, in some cases there were alternative processes that were authorized and utilized by the City that were significantly more rigorous than the typical process. For example, in various cases during the audit period the City Manager or City Commission directed that external executive recruiting and vetting processes be used in lieu of applicants merely completing the standard application form in the City’s human resource application system. This contractual process, as approved and authorized by the City Manager and/or the City Commission was carried out by HRWD, resulting in a much more rigorous hiring process for these candidates. While this process obviated the need for the standard application form, alternative documentation was developed and is maintained to support the process.</p> <p>Much of the problem of tracking and storing supporting documentation relative to personnel actions is a result of the lack of integrated processes and systems as it relates to integration with the City’s record management system. Ideally, these citywide applications should be functionally interconnected. To help overcome this obstacle, HRWD is working closely with the Enterprise Resource Planning (ERP) team in the development and deployment of an integrated workflow system to be linked to the PeopleSoft application. When completed, this system add-on should eliminate the need for the current daily work arounds (e.g., reliance on multiple emails from other departments and decision makers to achieve the necessary approvals for each personnel transaction). ERP anticipates that this workflow system will be completed and operational in Spring 2019.</p>

Element	Observation 2: Policies & Procedures
Criteria	<p>City Commission Policy No. 220, <i>Internal Control Policy</i>, states that, “The City shall have an adequate system on internal administrative control to provide reasonable assurance that goals and objectives of the City will be attained.”⁵</p> <p>The COSO <i>Internal Control – Integrated Framework</i> principle provides that, “The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.”</p>
Condition	<p>HRWD’s policies and procedures related to hiring, promotion, and compensation are generally consistent with law and best practices.</p> <p>We noted however, the City’s Pay Administration Guidelines (<i>Guidelines</i>) do not reflect existing HRWD practices for justifying pay exceptions. The pay exception justification form referenced in the <i>Guidelines</i> is no longer used or required to support pay exceptions.⁶ Typically, department directors document their rationale for pay exceptions in email correspondence or the PAF. However, these mechanisms do not always provide a sufficient level of detail to justify pay exceptions.</p>
Cause	<p>Management practice deviated from the <i>Guidelines</i> regarding the approval and supporting documentation required to process pay exceptions. HRWD staff did not always ensure management approval and supporting documentation was consistent with <i>Guidelines</i> requirements before processing pay exceptions.</p>
Effect	<p>Without strengthened and up-to-date compensation policies and procedures, pay exceptions could be processed inconsistently and/or outside of the intent of management.</p>

⁵ City Commission Policy No. 220 *Internal Control Policy* was sunsetted as of December 13, 1999, but remains available on the City’s website. The City has adopted Administrative Policy No. 630 *Internal Control Guidelines* which has not been revised since March 23, 1999.

⁶ The *Pay Administration Guidelines* reference the “Request to Set Pay Above the Maximum Hiring Rate” Checklist.

Recommendation	<p>We recommend that HRWD reinstitute the practice of using a pay exception justification form (or similar process) to standardize the process of requesting and authorizing pay exceptions across departments. In addition, we recommend HRWD amend the <i>Guidelines</i> to specify the manner in which support for pay exceptions must be documented and the nature of the supporting documentation required. We also recommend that such documented requests and approvals be retained in accordance with applicable City policies and state records retention requirements.</p>
Management Response	<p>We concur with the audit observation that HRWD's policies and procedures related to hiring, promotion and compensation are generally consistent with relevant law and best practices. However, we believe that management practices did not deviate from the referenced <i>Guidelines</i> regarding the approval and supporting documentation required to process pay exceptions. <u>All</u> pay exceptions require justification before they are processed by HRWD staff and, although HRWD is no longer requiring submission of the form adopted in 2000 that is referenced in this report, this form was limited to use by department directors who requested to hire a new employee at a pay rate above standard maximum hire rate. There is no such requirement for submission of the form for any other pay exception. For any pay transaction that is an exception, HRWD receives the authorization from the appropriate decisionmaker via email. HRWD staff <u>does not</u> process the request without written receipt of such authorization. These emails should be electronically linked and recorded to the employees file, and it is anticipated that the Gideon Taylor system being developed by ERP will do that or may be used to create a standardized electronic format to be used for all pay exceptions, regardless of reason.</p>

Element	Observation 3: Pay Increase Processing
Criteria	<p>Duties for processing pay increases fall within the purview of HRWD and are assigned to HRWD Consultants, the HRWD Program Coordinator II (Class and Compensation), and the HRWD Systems Specialist under the supervision of the HRWD Administrator and the HRWD Director.</p> <p>Criteria related to pay increase processing are contained in the <i>Human Resources Personnel Policies and Procedures Manual</i> and <i>Pay Administration Guidelines (Guidelines)</i> which govern the administration of the City's HRWD activities, including employee compensation.</p> <p>HRWD is responsible for reviewing and processing pay increases (to include recording such adjustments in PS HRMS) while Payroll is charged with the preparation and distribution of payroll disbursements. Specifically, the Payroll Supervisor manages and coordinates the staff and technical resources needed to ensure the integrity, timeliness, and accuracy of the payroll process for active and retired employees.</p> <p>The standard HRWD practice for processing pay increases in the PeopleSoft Human Resources Management System (PS HRMS) consists of an authorizing email from the appropriate manager which includes a Personnel Action Form (PAF), Budget Office approval, justification for the pay increase, and other supporting documentation as applicable (e.g., Position Information Questionnaire for position reclassifications). The <i>Guidelines</i> require that pay exceptions be justified by adequate supporting documentation and require additional Appointed Official authorization.</p> <p>City Administrative Policies and Procedures, Policy No. 630 <i>Internal Control Guidelines</i>, provide that:</p> <p style="padding-left: 40px;">Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions and events should be segregated among individuals to reduce the risk of error or inappropriate actions. No one individual should control all key aspects of a transaction or event. Rather, duties and responsibilities should be assigned systematically to a number of individuals to ensure effective checks and balances exist.</p> <p>The segregation of duties, a key component of an effective system of internal control, helps ensure no one employee or group of employees has the ability to perpetrate and conceal errors or fraud.</p>

<p>Condition</p>	<p>In addition to the 81 items selected for testing (see Observation 1 above), an additional 16 transactions came to our attention that were processed contrary to the standard process. Specifically, pay increases for 16 management-level employees were not processed by HRWD in a manner consistent with the normal practice. Rather, the Payroll Supervisor processed these increases, effective January 23, 2016, based upon verbal directive from the HRWD Director. The HRWD Director provided a list of names and salary increase amounts, along with other appropriate supporting documentation (e.g., completed and approved PAFs), to the Payroll Supervisor to support the verbal directives. Thirteen of the 16 pay increases were pay exceptions. This practice was not consistent with the normal segregation of duties between HRWD and Payroll.</p> <p>Our review of the above identified salary increases showed they were supported by both a documented pay study and a comparative analysis. Our review also showed the City Manager, as a courtesy, presented the supporting pay study and comparative analysis to the City Commission on July 13, 2016.</p>
<p>Cause</p>	<p>Management deviated from the normal procedures for the processing of pay increases. In response to our inquiries on the matter, the HRWD Director indicated she deviated from the normal procedures for processing pay increases at the verbal instruction of the former City Manager.</p>
<p>Effect</p>	<p>If established internal controls are not followed by management, compensation may be awarded to employees in a manner inconsistent with prevailing HRWD policies, procedures, and good business practices.</p>
<p>Recommendation</p>	<p>We recommend HRWD require all pay increases and pay exceptions be processed in accordance with established policies and procedures which ensure documented authorization, justification, and appropriate segregation of duties in processing such increases.</p>

Management Response

We concur with the audit observation that the sixteen (16) pay increases referenced in the report were supported by both a documented pay study and a comparative analysis. For those sixteen (16) pay increases, the Human Resources Director had those pay adjustments processed in the manner expressly directed by the former City Manager who had the authority to do so. All appropriate documentation to support the pay adjustments was provided at that time and remains available in each individual's personnel file. The former City Manager informed the full City Commission of those pay changes he directed.

Element	Observation 4: Systems Access
Criteria	<p>With regard to the granting of access to the City’s HRWD system, the practice was that the Accounting Services Director submit a request via email to the Security Team which authorized changes in PS HRMS system permissions for the Payroll Supervisor.</p> <p>In addition, Section 220.04 of City Commission Policy No. 220, <i>Internal Control Policy</i>, provides that, “The City shall have an adequate system of internal accounting control to provide reasonable assurance that funds...are safeguarded against waste, loss, unauthorized use, or misappropriation.”</p>
Condition	<p>System permissions to process pay increases were granted for the Payroll Supervisor outside of the normal process for authorizing and granting such access. The additional PS HRMS system permissions were incompatible with the Payroll Supervisor’s position duties and existing system privileges.</p> <p>The Payroll Supervisor’s system permissions remained in effect for over two years after the pay increases had been processed and were revoked April 2, 2018, when we brought the matter to the attention of the security administrator responsible for managing PS HRMS system permissions. We did not identify any other instances where pay increases were processed using these system privileges.</p>
Cause	<p>The request for additional system access was made verbally by the Payroll Supervisor and approved by the Accounting Services Director. There was no documentation available to support the request or authorization granting additional PS HRMS system permissions for the Payroll Supervisor.</p>
Effect	<p>The granting of incompatible PS HRMS system permissions increases the risk that unauthorized or erroneous personnel actions (e.g., pay increases) could be processed and remain undetected.</p>
Recommendation	<p>To prevent employees from acquiring unauthorized access to City systems, we recommend Technology and Innovation Department management (now responsible for all security requests), in collaboration with the Enterprise Resource Planning (ERP) team, develop and implement a formalized policy and process for updating employee system permissions in the City’s ERP systems which include the PS Human Capital Management System (formerly PS HRMS) and the PS Financial Management System.</p> <p>We recommend that a process be developed for periodic ERP review of security permissions with appropriate managers to ensure that granted accesses are compatible with employees’ job duties and segregation of duties principles.</p>

Management Response

Both ERP and Technology & Innovation (TI) will be developing a security role request form that will formalize the security add and update process. Additionally, for both the PeopleSoft human resources and financial systems we are planning a complete overhaul of security roles and permissions, and will begin full utilization of the Approval Workflow Engine tool that will allow for much more robust approval chains. Staff will require that the supervisor approve the roles as well as have the central office that owns the roles review and approve the role requests to ensure that the security level is appropriate given the job duties of the employee. Lastly, the role request process will be built to prevent the assignment of incompatible roles. We anticipate completing of this process by March 31, 2019.

Element	Observation 5: Position Advertisement
Criteria	<p>Section 702.1 of the <i>Personnel Policies and Procedures Manual (Manual)</i> states it is the policy of the City of Tallahassee to recruit, select, advance, and retain employees on the basis of their ability, knowledge, and skills under conditions of equal employment opportunity.</p> <p>Section 702.3 of the <i>Manual</i> provides that personnel actions for temporary employees will be governed by Section 703 (Temporary and Other Personnel Services Employment) of the <i>Manual</i>. Furthermore, the same provision in 702.3 of the <i>Manual</i> has been interpreted by management to mean that the filling of temporary positions does not need to comply with the same hiring requirements as provided for in the <i>Manual</i> for filling regular positions.</p> <p>Best practices provide that recruiting and hiring (for regular and temporary positions) should be planned and carried out in a manner that ensures open and fair competition. Provisions to require such recruiting are provided for filling <u>regular</u> positions in Section 702.4 of the <i>Manual</i>. Specifically, Section 702.4 provides that “Vacancies shall be publicized except in some instances those to be filled by transfer, demotion, or reinstatement.”</p>
Condition	<p>Our review of Section 703 of the <i>Manual</i> showed there are no provisions in the policy to help ensure temporary or other personnel services positions are filled in a manner that ensures open and fair competition.</p>
Cause	<p>For many temporary positions within the City, it is reasonable to not advertise the vacancy to be filled because of the short-term nature of the appointment, high turnover, and the cost of advertising. Because of the large number of such positions, it became common practice to not advertise <u>any</u> temporary position vacancies. However, as a general rule, all vacancies within the City should be advertised unless there are specific provisions in policy exempting the position from advertisement and open competition.</p>
Effect	<p>In the absence of competitive advertisement, the City may fail to consider for hire the most qualified potential applicants.</p>

Recommendation	<p>The City should reach as wide an applicant pool as possible and promote open and fair competition to help ensure the employment of the most qualified workforce possible. To accomplish this goal, we recommend HRWD amend Section 703 of the <i>Manual</i> to clarify existing personnel policies and procedures relating to the hiring of temporary employees and to explicitly include the requirement to advertise temporary positions; and provide the specific circumstances in which the standard advertisement process may be bypassed.</p>
Management Response	<p>The City Commission adopted policy 702 <i>Employment</i> and 703 <i>Temporary Employment</i> in 1991. In adopting these rules, the City Commission distinguished temporary positions from permanent positions because of their unique needs, characteristics and intended short-term nature. Policy 703 specifies what standards apply to temporary positions. There is no standard referenced in Policy 703 that requires a posting for a temporary position.</p> <p>We believe that the standards in Policy 703 are quite clear with little need for management interpretation. These standards have been in effect and consistently applied by departments, including HRWD, to adequately address specific short term or urgent needs of the organization for more than a quarter century.</p> <p>We will assess the recommendations contained in the audit relative to this issue and will weigh the practical, financial and management implications.</p>

Element	Observation 6: Background Screenings
Criteria	<p>Section 702.6 of the <i>Human Resources Personnel Policies and Procedures Manual (Personnel Manual)</i>, <i>Employment Policy</i>, addresses the City’s requirements for pre-employment clearances related to criminal history, driving history, and drug and alcohol clearances as referenced in related policies as follows.</p> <p>Section 706.10 of the <i>Personnel Manual, Working Conditions</i>, states:</p> <p style="padding-left: 40px;">It is the policy of the City of Tallahassee to conduct criminal history screenings to identify applicants for employment or current appointed or elected officials, or employees who are deemed to pose an unreasonable risk to the safety and security of City employees, facilities, programs, and the community, and/or impede the ability of the City to conduct governmental business in an environment of community trust and confidence.</p> <p>Section 732.06 of the <i>Personnel Manual, Motor Vehicle Operations</i> provides that “no employee shall be authorized to drive a motor vehicle in a position where driving is an essential duty, other important duty, or occasional duty requirement without first being cleared by HRWD...”</p> <p>Section 705.06 of the <i>Personnel Manual, Alcohol and Drugs</i> provides that “City employees and applicants for specifically designated positions are conditionally subject to urine drug testing and breath and alcohol testing...”</p> <p>Section 706.10 of the <i>Personnel Manual, Working Conditions</i> indicates that employees are obligated to self-report any arrests, convictions, nolo contendere pleas, or withheld adjudications for any felony or first-degree misdemeanor to their respective supervisors within one business day of the occurrence; and failure to make such notification will result in disciplinary action (e.g., oral or written reprimand, suspension).</p> <p>In addition, according to best practice guidance published by the Society for Human Resource Management,</p> <p style="padding-left: 40px;">As an emerging best practice, organizations, especially in government or in highly regulated industries, are now adopting annual, semi-annual, or continuous, real-time, post-hire screening, which can reduce the prevalence of insider threats (e.g., embezzlement, fraud, violent behavior) which may transpire throughout an employee’s tenure. While critical, pre-employment background checks serve only to disclose information verified for the period before an employee is hired. Employees are dynamic and so is the risk they pose to organizations.</p>

<p>Condition</p>	<p>In accordance with City policy, candidates selected for hire undergo pre-employment background screenings (i.e., criminal history, driving history, drug and alcohol, as appropriate) before commencing formal employment with the City.</p> <p>City practice for post-employment background screenings is that they are performed in certain circumstances, including for employees:</p> <ul style="list-style-type: none"> • Serving in safety-sensitive positions, • Promoted or transferred to a new position, and • Whose job duties require them to have unescorted access to a City electric critical infrastructure facility. <p>In these cases, such post-employment background screenings serve to confirm that employees are abiding by the self-reporting requirements contained in Section 706.10 of the <i>Personnel Manual</i>.</p>
<p>Cause</p>	<p>City Management has provided for background screenings as part of the City’s control environment.</p>
<p>Effect</p>	<p>Management has mitigated the City’s exposure to risk associated with hiring but could further mitigate risk through expansion of the post-employment background screenings.</p> <p>Limited post-employment screenings are not sufficient to alert management to employee misconduct that transpires after employees are hired or detect instances in which employees fail to self-report in accordance with City policy.</p>
<p>Recommendation</p>	<p>The City should enhance procedures to identify employees whose conduct may pose a threat to the safety of employees and the public or to the financial interests of the City. Accordingly, we recommend that HRWD management consider evaluating and implementing a method of ongoing, periodic background screenings for a sample of current employees (not already subject to rescreening). In the event such a screening process is implemented, HRWD should work with the City Attorney’s Office to develop policies (or amend existing policies) that are explicit regarding what actions are to be taken in the event adverse findings are identified in a background check report. We also recommend that HRWD management evaluate the feasibility of conducting credit checks for certain employees in financial positions or other positions of trust.</p>

Management Response

We concur with the audit observation that management undertakes pre-employment criminal background checks and has mitigated the City's potential exposure to risk associated with hiring by performing consistent background screenings.

It should be noted that, under the current policy, City employees who fail to disclose an arrest or conviction during the time they are employed by the City are subject to disciplinary action, up to and including termination of employment.

Although we are open to considering instituting periodic post-employment screenings for employees who are not subject to them now or requiring credit checks for certain employees in financial or other positions of trust (as allowed and limited by federal law), we will assess the recommendations contained in the audit relative to this issue and will weigh the practical, financial and management implications.

APPENDICES

APPENDIX A - BACKGROUND

The City's fiscal year 2018 budget provided funding for approximately 2,850 full-time equivalent (FTE)⁷ positions. These positions are distributed across the City's 28 departments. The City's workforce is comprised of both temporary and permanent employees.

Human Resources Department Purpose and Organization

The City's Human Resources and Workforce Development Department (HRWD) provides administrative support and oversight for employment-related activities to include hiring (recruitment) and dismissal, job classification and pay administration, compliance with labor laws and employment standards, and personnel file maintenance.

Headed by the HRWD Director who reports directly to one of the two Assistant City Managers, HRWD has nearly 40 employees in three divisions charged with carrying out these employment-related functions. These three divisions include Talent Acquisition and Relations (Talent Acquisition), Talent Development, and Benefits, Wellness, and Safety. Staff in Talent Acquisition are responsible for administering the recruitment, promotion (advancement), and compensation of employees.

The PeopleSoft Human Resource Management System (PS HRMS) is the software application utilized by HRWD staff in the administration of City personnel matters. In May 2018, the upgrade of PS HRMS to the PeopleSoft Human Capital Management system (PS HCM) was completed. The upgrade to PS HCM added new functionality intended to improve the hiring and promotion process within the City. In addition to the PS HRMS upgrade, HRWD, in conjunction with the Enterprise Systems Management division of the Financial Services Department, is in the process of implementing a new software application known as Gideon-Taylor. This new application will function as an "add-on" to optimize PS HCM's current capabilities. These upgrades are intended to make the hiring and promotion process more standardized and efficient by streamlining processes to improve workflow, enhancing hiring process visibility across departments, and reducing errors due to manual entry (by pre-populating information on electronic forms). In addition, HRWD management informed us that certain safeguards (e.g., a mechanism for routing pay exception approval requests to Appointed Officials) will be integrated into the system to ensure compliance with HRWD policies and procedures. One significant component of the upgrade, the automated screening of applications (which replaced a manual screening process), was implemented in June

⁷ One FTE is equivalent to one employee working on a full-time basis (i.e., 2080 hours worked per year). FTEs are used to convert the hours worked by several part-time employees into the hours worked by full-time employees.

2017, and has resulted in significant efficiencies in the hiring process (i.e., the average screening time was reduced from three months to three days).

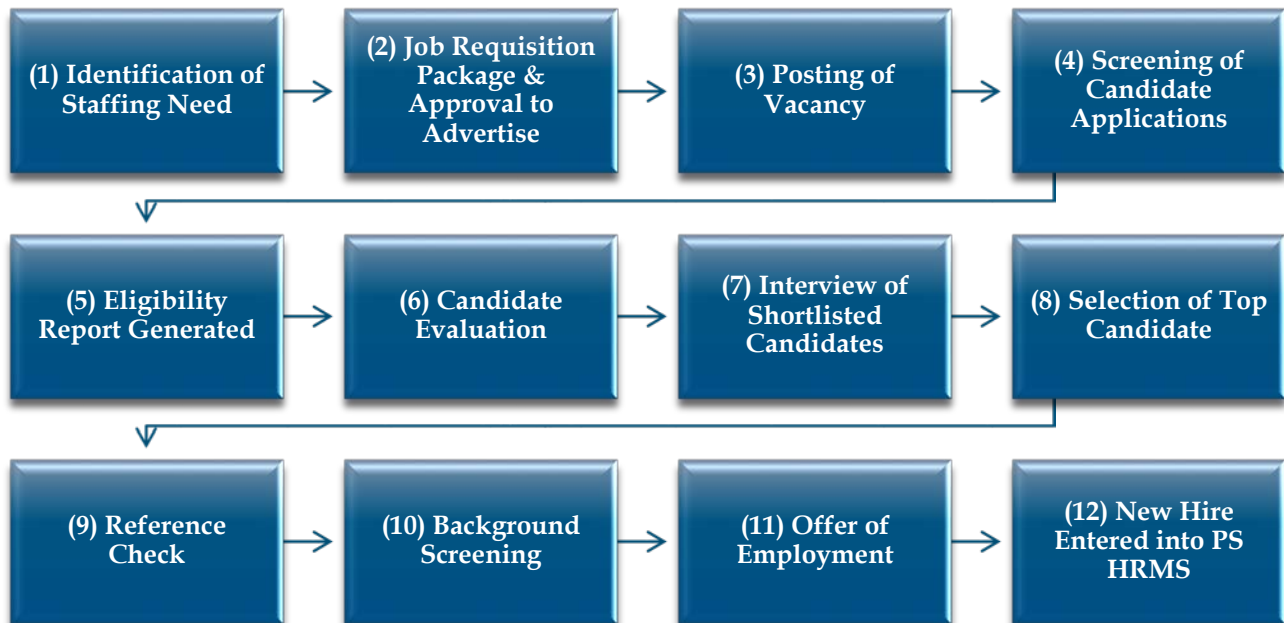
Policies and Procedures

Two principal policies govern the administration of the City's human resource activities—the *Human Resources Personnel Policies and Procedures Manual (Personnel Manual)* and the *Pay Administration Guidelines*. In particular, Chapters 702 (Employment), 703 (Temporary Employment), and 704 (Compensation) of the *Personnel Manual* contain policies and procedures which expressly address the hiring, advancement, and compensation of employees. The *Pay Administration Guidelines* serve to supplement the *Personnel Manual* and include more detailed guidance regarding the compensation of employees.

Recruitment Process

A core function of human resource management, recruitment refers to the overall process of identifying, screening, and hiring potential candidates to fill a specific job vacancy. Position vacancies result from the establishment of a new or revised position or the movement of an incumbent from a filled position. The hiring of a City employee is a coordinated effort primarily between HRWD and the respective hiring department and consists of many steps. For illustrative purposes, the following flowchart (Diagram 1) and associated narrative descriptions show the standard process for hiring City employees.

Diagram 1
City's Standard Recruitment Process



Step 1 – Identification of Staffing Need: The hiring department director or other staff identifies a need to fill either a vacant existing position or a newly authorized position.

Step 2 – Job Requisition and Approval to Advertise: The hiring department director or designee (hiring department) requests approval to advertise a vacancy from the respective Appointed Official (AO).⁸ To do so, the applicable department director assembles a job requisition. A job requisition is comprised of:

1. An Employment Requisition Form (a formal request to fill a new or existing, vacant position);
2. A Position Information Questionnaire (PIQ) (details the essential duties and responsibilities of the position); and
3. A Critical Position Hiring Justification Form (used to demonstrate the need for a position).

The hiring department then sends to the applicable AO a request to advertise the vacancy in the form of an email, with the job requisition attached. The AO reviews the job requisition and, if approved, documents such approval in an email that is forwarded to an HRWD Consultant for further processing. For positions organized under the City Manager, the HRWD Consultant emails the Assistant City Manager (ACM) approval documentation to the HRWD Information Analyst who then forwards (on a weekly basis) a list of ACM-approved positions to both the HRWD Director and the City Manager for final review and approval. As part of this approval process, staff in the Financial Management Division (Budget) also review the job requisition to ensure funding is available for the requested position.

Step 3 – Posting of Vacancy: Subsequent to the approval to advertise the vacant position by the applicable AO, the HRWD Information Analyst uses information in the job requisition to enter detailed information about the position into PS HRMS. Once the job is created in PS HRMS, applicable information is imported into the online application and the job vacancy is posted to the City's website (Talgov.com) and additional sites as designated by the hiring department. Vacant positions are posted internally and/or externally for a minimum of five business days.

Step 4 – Screening of Candidate Applications: Typically, applicants for vacant positions submit applications using the City's online application process. The applications of candidates are screened through an automated process in PS HRMS. Applicants are qualified or disqualified (i.e., determined to be eligible or ineligible) based on their responses to specific screening questions in the application. These screening questions address the minimum training and experience requirements for the position.

Step 5 – Eligibility Report: Once the application period has closed, the HRWD Information Analyst generates an Eligibility Report in PS HRMS which lists all applicants who have been determined to

⁸ For vacancies existing in departments organized under the City Manager (an Appointed Official), authority for approval to advertise the vacant position has been delegated to the applicable Assistant City Manager (ACM).

meet the minimum training and experience requirements and are deemed eligible for further consideration for hire (as described in Step 4).

Step 6 – Candidate Evaluation: The HRWD Information Analyst assembles a “referral package” which includes the Eligibility Report, applications and resumes of eligible applicants, and Veterans’ Preference⁹ documentation (if applicable). The HRWD Information Analyst then emails the referral package to the hiring department. The hiring department reviews referral package documentation and selects a “shortlist” of candidates to interview from among those listed on the Eligibility Report.

Step 7 – Interview of Shortlisted Candidates: Criteria for selecting applicants to be interviewed are developed by the hiring department based on the essential job functions and necessary knowledge, skills, and abilities for the position. The candidates are to be interviewed by staff from the hiring department and evaluated using the same criteria.

Step 8 – Selection of Top Candidate: The hiring department selects the top candidate from among those interviewed. In addition, the hiring department completes a Vacancy Interview and Applicant Form, a document used to indicate the successful applicant and record other demographic information pertaining to the applicants interviewed. The completed form is returned to the respective HRWD Consultant.

Step 9 – Reference Check: The hiring department conducts reference checks of the selected candidate and validates the applicant’s reported education and professional credentials (e.g., licenses and certifications).

Step 10 – Background Screening: The selected candidate is subject to pre-employment background screening. The hiring department completes the Pre-Employment Background Screening Request Form, specifying the background checks that must be satisfied prior to extending a formal offer of employment to the selected candidate, and submits the completed form to the HRWD Information Analyst responsible for processing background screenings. A criminal history screening is required for all selected applicants while other clearances, such as driving history and drug and alcohol checks, are required only for applicants selected for City-designated “safety-sensitive” positions (e.g., bus operators, utility workers). In the event any adverse incidents are noted through the criminal history background check, the City Attorney’s Office is responsible for evaluating the criminal history of the applicant and making a determination as to the employability of the selected applicant. Such determinations are communicated to HRWD and the recommended employment action is forwarded to the hiring department.

Step 11 – Offer of Employment: The hiring department may extend a formal offer of employment to the selected candidate provided that notification of a passed background screening is obtained from

⁹ Both Florida Statutes, Chapter 295, and City policy require that applicants claiming and eligible for Veterans’ Preference receive preferred consideration in appointment into a vacant position.

HRWD. The hiring department also provides written notice of non-selection to each eligible candidate who was not chosen for hire.

Step 12 – New Hire Entered into PS HRMS: Once a candidate accepts a formal offer of employment, the hiring department completes a Personnel Action Form (PAF). PAFs are used to document employee events such as hiring, transfers, promotions, and adjustments in pay; and include job-related information such as the effective date of hire, position information, standard work schedule, supervisor, compensation rate, and a section for including any additional explanatory comments related to the personnel action that may be appropriate. The hiring department emails the completed PAF to an HRWD Consultant who reviews the form and any additional supporting documentation for accuracy and conformance with policies and procedures. The HRWD Consultant then emails the PAF to the HRWD Systems Specialist who enters information from the PAF (e.g., pay rate and probationary period dates) into PS HRMS. Finally, the HRWD Systems Specialist forwards the PAF to staff in the Payroll and Retirement Divisions for further processing.

City's Broadband Pay Plan

The City utilizes a broadband classification and pay system ("Pay Plan") for setting the compensation rates of employees. Developed by HRWD, the City's Pay Plan consists of 12 pay bands which are wide salary ranges each having a minimum and maximum pay rate. Job classifications (classes) are assigned to specific pay bands within the Pay Plan.

When changes in the availability of labor supply, prevailing rates of pay, the City's financial condition and policies, or other pertinent economic considerations warrant such action, the HRWD Director may periodically recommend pay band compensation rate adjustments in the Pay Plan to the City Manager for approval and adoption by the City Commission.

Hiring Compensation

The *Human Resources Personnel Policies and Procedures Manual (Personnel Manual)* and the *Pay Administration Guidelines* govern the compensation that may be awarded to employees. These guidelines dictate that new employees hired into vacant positions may be paid at a rate from the minimum of the pay band to the maximum compensation rate for the position. In instances where a selected candidate's qualifications substantially exceed the minimum requirements of the job and whose incoming pay is already at or above the maximum compensation rate, the hiring department's director is authorized to hire the selected candidate at a pay rate up to five percent above the candidate's current documented pay (provided the new employee's compensation rate does not exceed the maximum of the pay band).

Pay rates that deviate from (or are not addressed in) provisions in the *Personnel Manual* or the *Pay Administration Guidelines* are considered "pay exceptions." An example of a pay exception is the hiring of an employee at a salary which exceeds the maximum compensation rate for the position. In order for a department director to offer a pay rate outside the pay parameters (e.g., above the

maximum compensation rate), a department director must request approval for the pay exception from the appropriate Appointed Official.¹⁰ The request for a pay exception must include supporting documentation to justify the pay exception. Typically, the pay exception request and approval (if granted) are to be documented in email correspondence between the department director and the approving official.

Pay Increases

HRWD policies and procedures also specify the circumstances in which existing City employees may receive a pay increase. Common types of pay increases addressed in the policies and procedures include promotional, equity, acting/interim status pay, merit, and lump sum awards.

Pay increases for existing City employees, other than those related to promotional type increases which are awarded consistent with the City's standard hiring process are initiated at the department level. Typically, the process for awarding pay increases is as follows:

1. A supervisor makes a determination to increase an employee's rate of pay based on merit, the assignment of higher-level duties, or other justifiable basis.
2. The supervisor requests approval to award the pay increase from the respective department director.
3. If the pay increase is approved, a PAF documenting the justification for the increase is completed; and the department director forwards the PAF and any other supporting documentation to the Financial Management Division (Budget) for approval (i.e., determination as to whether sufficient funds are available for the increase in the rate of pay).
4. If approval from Budget is obtained, the department director submits to an HRWD Consultant an email which includes departmental approval, Budget approval, the PAF (which includes the effective date and amount of the increase), and any additional supporting documentation justifying the increase (e.g., market study).
5. The HRWD Consultant then forwards the email to the HRWD Classification and Pay Specialist for review and approval (i.e., to ensure the pay action is consistent with policies and procedures and does not exceed amounts as allowable in the Pay Plan).
6. If the pay action is approved by the HRWD Classification and Pay Specialist, the information is forwarded to the HRWD Systems Specialist who enters the pay rate adjustment into PS HRMS. (For pay exceptions, the HRWD Classification and Pay Specialist obtains approval from the appropriate Appointed Official before the pay increase is further processed.)

The *Personnel Manual and Pay Administration Guidelines* provide the specific parameters for awarding pay increases to existing City employees. When an employee is promoted, the hiring department director is authorized to award a pay increase up to the maximum compensation rate of the higher

¹⁰ Departments organized under the City Manager submit pay exception requests to their service area's Assistant City Manager (ACM) or equivalent.

position. If, however, the employee's current salary is already at or above the allowable rate for the higher position, the director may grant an increase up to five percent above the individual's current salary. If an advancement occurs in which an employee assumes limited duties and responsibilities of a higher position, the employee is eligible for a pay increase of up to five percent above his or her current salary.

As a general rule, and as similarly discussed above under the subheading Hiring Compensation, the hiring department director is not authorized to grant any pay increase that exceeds the maximum compensation rate allowable in the Pay Plan, unless the employee's salary is already at or above the allowable rate. As with new hires, HRWD's policies and procedures require a department director considering an action outside of the pay parameters to submit a pay exception request to the appropriate Appointed Official (or Assistant City Manager for departments organized under the City Manager) for approval. In addition, HRWD requires that supporting documentation to justify the pay exception accompany the request; and the pay exception request and approval are to be documented in emails between the department director and the approving official.

APPENDIX B – PURPOSE, SCOPE, AND METHODOLOGY

The **purpose** of this audit was to review the processes and practices used by the City to hire and promote employees. The specific audit objective was to determine whether City hiring and promotion practices were conducted in accordance with applicable City policies and procedures and industry best practices.

The **scope** of the audit was limited to a review of citywide hiring and promotion practices, and related compensation activities, for the five-year fiscal period October 1, 2012, through September 30, 2017. To accomplish the objective, we examined personnel actions (i.e., hires, rehires, and/or pay rate adjustments) for both temporary and permanent City employees that occurred during the period audited. We did not review the following: (1) annual City Commission-approved merit increases; (2) lump sum payments (bonuses) that did not result in a change in employees' annual/hourly rates of pay; and (3) personnel actions for retired employees, affiliated agencies for which the City is the fiscal agent (e.g., Consolidated Dispatch Agency, Community Redevelopment Agency employees), and police and fire department unionized employees.

The **methodology** included performing various audit procedures including, but not limited to:

- Identifying and reviewing relevant Human Resources and Workforce Development Department (HRWD) internal policies and procedures, as well as applicable state and federal guidance, governing the hiring and compensation of City employees.
- Researching industry best practices to determine whether the City has implemented effective recruitment, hiring, and compensation strategies.
- Interviewing HRWD management and staff to obtain an understanding of the processes implemented to recruit, hire, and compensate employees.
- Meeting with HRWD staff to observe demonstrations of processes performed (e.g., posting of job vacancies) in the PeopleSoft Human Resource Management System (PS HRMS).
- Obtaining and reviewing the City's broadband compensation schedules ("Pay Plans").
- Conducting tests to determine the extent to which hiring and promotion practices, and related compensation activities, were conducted in accordance with applicable policies and procedures and best practices. These tests included:
 - Verifying employment requisitions were complete and submitted to the appropriate Appointed Official (or designee) for approval, and subsequently approved by that official, prior to the advertisement of job vacancies.
 - Verifying job vacancies were properly publicized internally and/or externally.
 - Verifying employees applied for jobs within the designated posting period (i.e., on or before the closing date) using the proper City application process.
 - For employees claiming Veterans' Preference (VP), reviewing documentation to verify preference was given to VP-eligible applicants in accordance with Florida Statute.

- Reviewing documentation to ensure personal interviews were conducted for employees prior to hire.
- Verifying employees met the minimum training and experience requirements for their positions upon hire.
- Reviewing documentation to determine whether hiring department directors (or designees) performed employee reference checks before hire.
- Verifying HRWD completed the required background screening (i.e., criminal history, driving history, drug and alcohol clearances) for employees, and that employees received an acceptable clearance status, before extending an offer of employment.
- Reviewing personnel records to verify HRWD reviewed and approved personnel hire and compensation actions.
- Verifying that staff in the Financial Management Division (Budget) reviewed and approved employee compensation to ensure adequate funding was available for the position prior to hire or promotion (advancement).
- Reviewing critical compensation information in employee Personnel Action Forms (PAFs) to ensure agreement with corresponding information found in PS HRMS.
- Reviewing PS HRMS data, City Pay Plans, and compensation-related documentation to validate employees were hired into vacant positions at pay rates authorized in *City Pay Administration Guidelines* and other applicable policies and procedures.
- Reviewing PS HRMS data, City Pay Plans, and compensation-related documentation to ensure pay increases were awarded to employees in accordance with *City Pay Administration Guidelines* and other applicable policies and procedures.
- For employees hired into positions with associated pay steps (step progression), verifying employees completed the requirements for advancement and that the proper step pay rate was awarded in accordance with the applicable step progression pay plan.
- Verifying appropriate supporting documentation was available to substantiate pay increases for employees who were assigned higher-level duties and responsibilities.
- Obtaining and reviewing employee performance evaluations to verify employees who received pay increases merited the increase.
- For employees whose hire compensation or subsequent pay increases exceeded allowable amounts (pay exceptions), obtaining and reviewing relevant documentation to ensure the pay increases were justified and that the appropriate Appointed Official (or designee) approved the pay exceptions.

APPENDIX C - ACTION PLAN

Action Plan Steps	Responsible Employee	Target Date
1) HRWD management is working closely with the City's Enterprise Resource Planning (ERP) team in the development and deployment of an integrated workflow system to be linked to the PeopleSoft software application to ensure that hiring, promotion and compensation records are timely captured and retained in the City's system of record for these personnel actions (e.g., within 21 days of payroll processing deadline).	Assigned: Vikki Montgomery Oversight: Ellen Blair	12/31/2019
2) HRWD will institute a system of periodic audits to ensure personnel actions and supporting records are complete and are recorded, retained and can be retrieved in a timely manner.	Assigned: Jennifer Hill Oversight: Ellen Blair	12/31/2019
3) HRWD will require departmental pay exception requests and authorizations follow a standardized electronic format and process.	Assigned: Vikki Montgomery Oversight: Ellen Blair	12/31/2019
4) HRWD will amend its <i>Pay Administration Guidelines</i> to reflect the standardized process described in #3 above.	Assigned: Vikki Montgomery Oversight: Ellen Blair	12/31/2019
5) The Technology and Innovation Department management (now responsible for all security requests), in collaboration with the Enterprise Resource Planning (ERP) team, will implement a process to prevent unauthorized employee access to the City's ERP systems, which include the PS Human Capital Management System (formerly PS HRMS) and the PS Financial Management System.	Patrick Twyman Roberta McManus	09/30/2019

Action Plan Steps	Responsible Employee	Target Date
6) HRWD management will review with City Manager the recommendation to advertise temporary positions including acceptable exceptions to such advertising.	Assigned: Vikki Montgomery Oversight: Ellen Blair	12/31/2019
7) HRWD management will review with City Manager the recommendation to perform periodic background screenings of current employees as well as the feasibility of conducting credit checks for certain employees in financial-related positions of trust.	Assigned: Jennifer Hill Oversight: Ellen Blair	12/31/2019

APPENDIX D - MANAGEMENT RESPONSE



MEMORANDUM

TO: Joseph K. Maleszewski, City Auditor
FROM: Reese Goad, City Manager
DATE: March 19, 2019
SUBJECT: Management Response to Audit of City Hiring & Promotion Practices

We appreciate the opportunity to comment on the findings and observations made in the Audit of City Hiring & Promotion Practices, and that in most instances, the audit concludes that employees were hired and compensated in a manner consistent with governing policies and procedures. We also have reviewed the findings and recommendations for those instances where issues were identified and will work towards addressing and improving our processes.

We have already started this process, and since this audit began, Human Resources & Workforce Development (HRWD) has formally adopted the Florida Sterling performance excellence system, a rigorous continuous improvement program designed to provide a systematic framework for assessing current business practices and improving operations and processes so they become more efficient and effective. The Florida Sterling process is a high-performance framework specifically designed to help develop, implement, and manage systematically sustainable processes with excellent organizational results. The system and framework are supported by a systems perspective, leadership, customer-focused excellence, valuing people, and ensuring organizational learning and agility. This process and framework will strengthen HRWD by engaging and challenging the leadership, its workforce, and its operation on customer and organizational requirements and ensuring systematic processes are transparent and effective. Through the use of leadership strategy development geared towards customers and the integration of the workforce and operations, along with the use of compatible and comparable data (government regulations, operating regulations, legal requirements), HRWD's processes and systems will be measured and analyzed to support the critical and effective management by fact.

Many of the suggestions made as part of the recommendations in this report will be incorporated into the HRWD strategic objectives within the Sterling framework.

The following are management's responses to the specific observations.

Observation 1: Record Keeping

We concur with the audit observation that as a general rule, employees were hired and compensated in a matter consistent with governing policies and procedures. Although the audit indicates that some personnel action documents could not be located, in some cases there were alternative processes that were authorized and utilized by the city that were significantly more rigorous than the typical process. For example, in various cases during the audit period the City Manager or City Commission directed that external executive recruiting and vetting processes be

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JOSEPH MALESZEWSKI
City Auditor

DIANNE WILLIAMS-COX
Commissioner

used in lieu of applicants merely completing the standard application form in the city's human resource application system. This contractual process, as approved and authorized by the City Manager and/or the City Commission was carried out by HRWD, resulting in a much more rigorous hiring process for these candidates. While this process obviated the need for the standard application form, alternative documentation was developed and is maintained to support the process.

Much of the problem of tracking and storing supporting documentation relative to personnel actions is a result of the lack of integrated processes and systems as it relates to integration with the city's record management system. Ideally, these city-wide applications should be functionally interconnected. To help overcome this obstacle, HRWD is working closely with the Enterprise Resource Planning (ERP) team in the development and deployment of an integrated workflow system to be linked to the People Soft application. When completed, this system add-on should eliminate the need for the current daily work arounds (e.g. reliance on multiple emails from other departments and decision makers to achieve the necessary approvals for each personnel transaction). ERP anticipates that this workflow system will be completed and operational in Spring 2019.

Observation 2: Policies & Procedures

We concur with the audit observation that HRWD's policies and procedures related to hiring, promotion and compensation are generally consistent with relevant law and best practices. However, we believe that management practices did not deviate from the referenced *Guidelines* regarding the approval and supporting documentation required to process pay exceptions. All pay exceptions require justification before they are processed by HRWD staff and, although HRWD is no longer requiring submission of the form adopted in 2000 that is referenced in this report, this form was limited to use by department directors who requested to hire a new employee at a pay rate above standard maximum hire rate. There is no such requirement for submission of the form for any other pay exception. For any pay transaction that is an exception, HRWD receives the authorization from the appropriate decisionmaker via email. HRWD staff does not process the request without written receipt of such authorization. These emails should be electronically linked and recorded to the employees file, and it is anticipated that the Gideon Taylor system being developed by ERP will do that or may be used to create a standardized electronic format to be used for all pay exceptions, regardless of reason.

Observation 3: Pay Increase Processing

We concur with the audit observation that the sixteen (16) pay increases referenced in the report were supported by both a documented pay study and a comparative analysis. For those sixteen (16) pay increases, the Human Resources Director had those pay adjustments processed in the manner expressly directed by the former City Manager who had the authority to do so. All appropriate documentation to support the pay adjustments was provided at that time and remains available in each individual's personnel file. The former City Manager informed the full City Commission of those pay changes he directed.

Observation 4: Systems Access

Both ERP and Technology & Innovation (TI) will be developing a security role request form that will formalize the security add and update process. Additionally, for both the PeopleSoft human resources and financial systems we are planning a complete overhaul of security roles and permissions, and will begin full utilization of the Approval Workflow Engine tool that will allow for much more robust approval chains. Staff will require that the supervisor approve the roles as well as have the central office that owns the roles review and approve the role requests to ensure that the security level is appropriate given the job duties of the employee. Lastly, the role request process will be built to prevent the assignment of incompatible roles. We anticipate completing of this process by March 31, 2019.

Observation 5: Position Advertisement

The City Commission adopted policy 702 *Employment* and 703 *Temporary Employment* in 1991. In adopting these rules, the City Commission distinguished temporary positions from permanent positions because of their unique needs, characteristics and intended short-term nature. Policy 703 specifies what standards apply to temporary positions. There is no standard referenced in Policy 703 that requires a posting for a temporary position.

We believe that the standards in Policy 703 are quite clear with little need for management interpretation. These standards have been in effect and consistently applied by departments, including HRWD, to adequately address specific short term or urgent needs of the organization for more than a quarter century.

We will assess the recommendations contained in the audit relative to this issue and will weigh the practical, financial and management implications.

Observation 6: Background Screenings

We concur with the audit observation that management undertakes pre-employment criminal background checks and has mitigated the City's potential exposure to risk associated with hiring by performing consistent background screenings.

It should be noted that, under the current policy, City employees who fail to disclose an arrest or conviction during the time there are employed by the city are subject to disciplinary action, up to and including termination of employment.

Although we are open to considering instituting periodic post-employment screenings for employees who are not subject to them now or requiring credit checks for certain employees in financial or other positions of trust (as allowed and limited by federal law), we will assess the recommendations contained in the audit relative to this issue and will weigh the practical, financial and management implications.

We again thank you for the opportunity to comment on the audit findings. Please feel free to contact me should you have any questions or need additional information.

DISTRIBUTION

Responsible Managers:

Director, Human Resources & Workforce Development
Director, Financial Services
Chief Information Officer, Technology & Innovation

Internal Distribution:

Mayor and Members of the City Commission
Appointed Officials
Executive Team
Director, Communications
Records Administrator, Treasurer-Clerk's Office

External Distribution:

Members of the Audit Committee
External Auditor

ACKNOWLEDGEMENTS

We would like to express our appreciation to the management and staff of Human Resources and Workforce Development as well as to the Payroll and ERP divisions of Financial Services for their cooperation and assistance during this audit.

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Approved by:

Don Hancock, CPA, Interim City Auditor

STATEMENT OF ACCORDANCE

The Office of the City Auditor's mission is to provide the City Commission an independent, objective, and comprehensive auditing program of City operations; to advance accountability through the provision of assurance and advisory services; and to actively work with Appointed Officials in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, and effective delivery of City services.

We conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Office of the City Auditor at (850) 891-8397 or auditors@talgov.com.

<http://www.talgov.com/transparency/auditor.aspx>