



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members
THRU: Andrea R. Butola, City Auditor *ARB*
FROM: Oscar B. Claudio, Assistant City Auditor *OBC*
DATE: July 21, 2017
SUBJECT: Follow up Review - Department of Human Resources – Report Memorandum

This memorandum report provides a summary of the status of recommendations as determined from our follow up review of the Department of Human Resources (Department). The original audit (Audit Report No. 15 A-2) was issued on February 23, 2016. Our follow up procedures included a review of the status of Management's Responses to the audit findings and recommendations; including department personnel interviews and inquiries; and examination and verification of supporting documents.

We performed a review of supporting evidence provided by management and staff responsible for resolving the audit findings and recommendations. We believe that the evidence obtained provides a reasonable basis for our determination of the status of management's response.

Summary

The follow up review disclosed that the Department had partially implemented five of the eleven recommendations reported in the original audit report. Three of the findings and all three reportable conditions were considered fully implemented.

Results

The recommendations that were partially implemented are as follows:

Audit Finding #1 – The required employment background and security screenings were not consistently conducted and verified for several of the sampled hired employees.

Follow up status of Finding: Human Resources (HR) developed and implemented a Background Verification Requirements Matrix that is used as a guide to ensure required background and security screening verification is completed and documented for City applicants per each position's requirements. The review disclosed that employment background and security screenings were conducted and documented for 12 of 15 (80%)

sampled newly hired employees. We recommend the Department ensure the required background verification and screening is conducted, verified and documented consistently and uniformly on every hired employee.

Revisions of Administrative Regulation (AR) #60 were started in 2015; however, they remain in draft form for review by union representation at the time of completion of our follow up review. Currently, draft revisions to AR #60 Background Investigations are in final discussions with stakeholders. It is estimated they will be finalized the second quarter of FY 2018 for completion. We will revisit this finding and update the status after the conclusion of the second quarter. Once AR #60 is finalized we will consider this response fully implemented. *Revised estimated completion date April 30, 2018.*

Audit Finding #2 – The current Background Investigation Policy (AR #60) has not established well defined criteria regarding the type or level of background and security screening methods required for pre-employment and employees serving in sensitive and trust positions.

Follow up status of Finding: A draft of revisions to AR #60 was completed in 2015 as noted for Audit Finding #1. Revisions regarding this requirement are in final discussions with the union collective bargaining units. A draft of revisions to AR #60 Background Investigations is currently in final discussions with the stakeholders. It is estimated they will be finalized the second quarter of FY 2018 for completion. We will revisit this finding and update the status after the conclusion of the second quarter. Once AR #60 is finalized we will consider this response fully implemented. *Revised estimated completion date April 30, 2018.*

Audit Finding #3 – Test of several employees in sensitive positions and/or positions of trust showed no evidence of finger prints being taken and run through various agencies for criminal background check purposes.

Follow up status of Finding: In January 2016, HR developed a fingerprint/background check procedure process flowchart that details the procedural flow on how to conduct fingerprinting and background screening for all new hires, volunteers, current employee five year recheck, and promotions and/or transfers per Article 60 and Florida Statutes 435, 166 and 943. The revised AR #60 previously mentioned would mitigate most of the items identified in this Audit Finding is still in draft form as of the completion of this follow up review. A draft of revisions to AR #60 Background Investigations is currently in final discussions with the stakeholders. It is estimated they will be finalized the second quarter of FY 2018 for completion. We will revisit this finding and update the status after the conclusion of the second quarter. Once AR #60 is finalized we will consider this response fully implemented. *Revised estimated completion date April 30, 2018.*

Audit Finding #4 – Numerous HR policies and procedures have not been updated to account for changes and to meet the requirements of applicable standards within the last 24 months.

Follow up status of Finding: As of March 27, 2017, of the 32 AR's that HR has ownership or jointly owns with another department:

- 18 were revised or updated;
- Four were being reviewed;
- Two were in draft form;
- One is on hold; and
- Seven remain to be completed

To monitor the status of their AR's, HR developed an Excel spreadsheet tracking system which is used to monitor AR review dates to ensure that at a minimum the AR's will be reviewed and updated if necessary for possible changes in accordance with the City Manager's newly requested preference of a review every two years for all City AR's. Since all AR's had not been revised or updated at the time of the completion of the follow up review we consider this recommendation partially implemented. Once the remaining seven AR's that are not completed currently, are addressed in some manner, we will consider this fully implemented. We will revisit these with HR after completion of the second quarter of 2018. HR has demonstrated they have a monitoring process in place to ensure their AR's will be reviewed in compliance with the City Manager's newly implemented preference and estimates this will be completed by December 31, 2017. *Revised anticipated completion date April 30, 2018.*

Audit Finding #8 – Requirements for the submission of retirement and resignation notices were not in accordance with Personnel Rules and Regulations.

Follow up status of Finding: HR indicated an Ordinance that will address incentivizing employees to provide a 14-day notification is in draft form; however, the Ordinance has not been finalized or submitted to the City Council for approval as of completion of this follow up review.

In order to verify improvements to the deficiencies in the process noted in the audit finding, Audit reviewed 10 terminated employees' paperwork to determine if two-week notices were submitted by the employee prior to the termination date. The review disclosed that of the 10 terminated employees:

- Six submitted two-week notices;
- One submitted a four-day notice;
- One submitted a three-day notice; and
- Two did not submit any notice.

Since only 60% of the sample complied with the requirements of the Personnel Rules and Regulations (Regulations), formal adoption of an Ordinance would strengthen the requirements set forth in the Regulations. Audit acknowledges that there are exceptions to the process whereby sometimes employees are not able to submit two-week notice before terminating employment. It is important to note that HR addressed treatment of exceptions to normal separation or termination from the City in the Ordinance. The

ordinance is in draft form and estimated for submittal to the City Council for the first Quarter of FY 2018. Once the ordinance has been adopted we will consider this Audit Finding fully implemented. *Revised estimated completion date January 31, 2018.*

The following Audit Findings and Reportable Conditions are considered fully implemented.

Audit Finding #5 – The City’s personnel rules and regulations had not established an Employee Code of Conduct.

Follow up status of Finding: HR developed a proposed “Standards of Behavior” (Standards) in 2015 and submitted them for review to the City Attorney’s (CA) Office. The proposed Standards included a Code of Conduct, a Confidentiality Clause, and a Conflict of Interest. The Assistant City Attorney reviewed the proposed Standards and concluded that the document did not add value to the existing City Personnel Rules and Regulations. Based on the CA’s recommendation and comments on the standards, the City will continue to rely on the existing documents in place in the form of the Personnel Rules and Regulations. **We consider this recommendation fully implemented** because the City is relying on the existing Personnel Rules and Regulations and will monitor compliance with these established guidelines.

Audit Finding #6 – Restrictive agreements for such issues as confidentiality and conflict of interest had not been developed and included in the HR personnel rules and regulations.

Follow up status of Finding: HR provided the same corrective action as mentioned in Recommendation #5 because both recommendations are closely related and would utilize similar corrective actions. Based on the CA’s recommendation and comments on the proposed standards the City will continue to rely on the existing documents in place; therefore, **we consider this fully implemented as well.**

Audit Finding #7 – Several and various personnel documents were not maintained in the official employee record files.

Follow up status of Finding: In their response, HR indicated this finding would be addressed by revisions to AR #34 as it would address HR random audits of personnel files to ensure compliance. The AR has been routed to internal staff, edited and is in final signature stage. It was sent to Department Directors for edits or changes on April 20, 2017. AR #34 was finalized and issued July 5, 2017. **This finding is considered fully implemented.**

Reportable Condition #1 – The procurement card assigned to a retired employee and a cell phone assigned to another retiree were not cancelled or deactivated after retirement from City employment.

Follow up status of Reportable Condition: The City currently uses a City-shared checklist in the form of an electronic separation notice, upon an employee's termination. This notice is initiated by the employee's department upon termination. This notice contains a City-shared checklist that is routed to various departments to cease accesses to certain City functions and document the return of City Property/work tools such purchase cards.

Audit reviewed 10 terminated employees' paperwork on file with HR to determine whether the City-shared checklist was completed by the employees' department upon termination, access to certain City systems or functions was revoked and City property/tools were returned as appropriate. The review disclosed the following:

- The City-shared checklist was initiated and completed for all 10 (100%) terminated employees selected for this test. This met the required corrective action.
- Only five of 10 (50%) employees City-shared checklists for City property/work tools were completed upon termination.

It is current City policy to take no action for the return of work tools costing less a certain threshold and therefore the City does not enforce return of any tools costing less than the threshold. In addition, once the City-shared checklist is initiated it is not HR's responsibility to ensure the return of certain work tools or revoke access to systems. It is the responsibility of the individual departments, such as IT or Facilities. HR spearheaded revision of the City-shared checklist to better address the need to collect City tools and revoke applicable system and physical access. Since we noted no exceptions with the completion of the City-shared checklist **we consider this Reportable Condition fully implemented.**

Reportable Condition #2 – Records are not available to verify whether computers and/or laptops assigned to retired or terminated employees were returned to or taken back by the City.

Follow up status of Reportable Condition: The Department had implemented the same corrective actions as mentioned in Reportable Condition #1 for this reportable condition; therefore, we **consider this fully implemented as well.**

Reportable Condition #3 - In numerous instances, exit interviews were not consistently conducted for terminated employees prior to leaving City employment.

Follow up status of Reportable Condition: Per Management's Action taken for Reportable Condition #1, based on our follow up review procedures, we determined the City is consistently using the City-shared checklist as part of the termination process. Audit acknowledges that consistently performing exit interviews can be difficult due to the nature and circumstances that surround employee termination. HR mentioned in its response that the possibility of incorporating the exit interview City-shared checklist into an electronic module such as the newly acquired SABA Learning Management System

(LMS) would provide another avenue for departing employees to complete an exit interview. It should be noted that currently, the module in the LMS is not in use because the focus during LMS implementation has been to include training and personal goals as a priority. HR continues to explore the implementation of the module or other electronic methods and hopes to implement by some point in the future to better support this effort. Because exit interviews are voluntary, HR offers and conducts interviews when possible and the results of testing for Reportable Condition #1 regarding the use of the City-shared checklist, **this reportable condition is considered fully implemented.**

We appreciate the cooperation and assistance provided by the Human Resources management and personnel in completing this follow up review process. Should you have any questions or need clarification, please do not hesitate to contact Oscar Claudio at (239) 242-3382 or Andrea Butola at (239) 242-3380.

C: John Szerlag, City Manager
Michael Ilczyszyn, Assistant City Manager
Dolores Menendez, City Attorney
Rebecca van Deutekom, City Clerk
Lisa Sonogo, Human Resources, Director
Audit Committee