



# CITY OF SAN ANTONIO

P.O. Box 839966  
SAN ANTONIO TEXAS 78283-3966

November 2, 2015

**Ivy R. Taylor**  
Mayor

**Rebecca J. Viagran**  
Councilwoman, District 3

**Ray Lopez**  
Councilman, District 6

**Joe Krier**  
Councilman, District 9

**Roberto C. Treviño**  
Councilman, District 1

**Rey Saldaña**  
Councilman, District 4

**Cris Medina**  
Councilman, District 7

**Mike Gallagher**  
Councilman, District 10

**Alan E. Warrick, II**  
Councilman, District 2

**Shirley Gonzales**  
Councilwoman, District 5

**Ron Nirenberg**  
Councilman, District 8

**SUBJECT: Audit Report of Human Resources COSA Hiring Practices**

Mayor and Council Members:

We are pleased to send you the final report of the Audit of the Human Resources COSA Hiring Practices. This audit began in April 2015 and concluded with an exit meeting with department management in September 2015. Management's verbatim response is included in Appendix C of the report. The Human Resources' management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

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

Distribution:

Sheryl L. Sculley, City Manager

Ben Gorzell, Chief Financial Officer

Lori Steward, Human Resources Director

Martha Sepeda, Acting City Attorney

Leticia M. Vacek, City Clerk

Jill De Young, Chief of Staff, Office of the Mayor

Leslie Ann Garza, Communications Director, Office of the Mayor

Yolanda Oden, Executive Assistant to the Mayor, Office of the Mayor

Edward Benavides, Chief of Staff, Office of the City Manager

Tom Nichta, Audit Committee Member

---

**CITY OF SAN ANTONIO**  
**OFFICE OF THE CITY AUDITOR**



Audit of Human Resources

COSA Hiring Practices

Project No. AU15-014

November 2, 2015

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

---

## Executive Summary

---

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Human Resources (HR) Department's hiring processes and related metrics. The audit objectives and conclusions follow:

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

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

- Independent reviews are not taking place for various data used throughout the hiring and on-boarding processes.
- Signatures of acknowledgement and approval were not always recorded on the forms used to process new employees.
- Training that communicates HR guidelines, laws, and regulations is not provided to all employees responsible for interviewing and selecting candidates.
- Contracts with staffing agencies and other HR service providers are not being monitored to ensure that contract terms, including the screening of temporary employees, are being met.
- Monitoring controls to ensure appropriate user access are not effective.
- Performance measures used to track achievement of goals do not provide sufficient indication of the effectiveness of HR activities.

HR management agreed with the audit findings and has begun to develop positive action plans to address them. Their verbatim response is in Appendix C on page 10.

# Table of Contents

---

Executive Summary .....	i
Background.....	1
Audit Scope and Methodology .....	2
Audit Results and Recommendations .....	4
A. Lack of Reviews for Data Accuracy and Completeness .....	4
B. Insufficient Communication of Laws, Regulations, and Guidelines .....	5
C. Lack of Screening for Temporary Employees.....	5
D. Inappropriate User Access .....	6
E. Performance Metrics.....	7
Appendix A – Recommended Measures.....	8
Appendix B – Staff Acknowledgement .....	9
Appendix C – Management Response .....	10

## Background

The Human Resources Department (HR) supports the City with human resource management services to include attracting and retaining a qualified and capable workforce to provide high quality services to the citizens of San Antonio. In Fiscal Year (FY) 2015 the City filled approximately 1,520 civilian positions as illustrated in the following table.

Employee Type	# of Temporary Employees	# of Permanent Employees	Total # of Employees
New Hires	75	720	795
Rehires	100	85	185
Transfers (promotion, demotion, and lateral)	15	525	540

Note: Data is through May 2015 and excludes interns and temporary employees hired through staffing agencies.

The department seeks to align the efforts of City employees with the organizational strategy to serve the citizens of San Antonio. HR partners with departments to provide strategic workforce planning, management strategies and core human resource services. Services include compensation and job content analysis and recommendations; review of City-wide and departmental personnel and HR practices; organizational effectiveness assessments; and delivery of training programs and conflict resolution between management and employees.

In FY 2012, HR collaborated with the Office of Innovation to review the recruitment process and reduce the time to hire by eliminating unnecessary steps. The efficiency of the hiring process was also improved by the implementation of the NeoGov and Guardian systems. NeoGov is used to post jobs, filter candidates based on qualifications, and select candidates, while Guardian assists with monitoring employment eligibility.

HR uses performance measures to demonstrate the department's efforts in achieving its goals and objectives. The following table illustrates their FY 2015 performance metrics relating to hiring practices.

HR Performance Metrics				
Measure	FY2014 Target	FY2014 Results	FY2014 Status	FY2015 Target
Recruitment outreach events	N/A	53	Informational	45
Time to hire (in days)	46	48	Target Not Met	46
Voluntary turnover rate	6%	7.3%	Target Not Met	6%
Vacancies filled by internal candidates	20%	22%	Target Met	20%

Source: COSA 2015 Budget Book

## Audit Scope and Methodology

---

The audit scope included civilian positions filled between October 1, 2014 and May 31, 2015.

To obtain an understanding of the hiring processes, we interviewed HR staff and observed controls. Testing criteria included HR policies and procedures; the City's voluntary affirmative action plan; the Procurement Policy and Procedures Manual (revised August 2013); the Local Government Records Retention Schedule; and laws such as the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, and the Americans with Disabilities Act of 1990.

Additionally, we analyzed the HR metrics related to the hiring processes and benchmarked them to a sample of 10 other cities: Arlington, Austin, Corpus Christi, Dallas, El Paso, Ft. Worth, Houston, Phoenix, San Diego and San Jose. We reviewed their respective metrics and where possible compared them to similar metrics implemented by the City's HR department.

Using random samples, we audited job postings for accuracy, completeness, and appropriate approvals. We also interviewed recruitment analysts to gain an understanding of their process for communicating goals for diversity and timeliness of selections to the various departments.

We reviewed HR's activities to comply with laws and regulations applicable to the hiring process, including verification and monitoring of employees' work eligibility. We tested the processes for selecting, screening, and processing candidates. Additionally, we observed the controls for the security of sensitive physical documents.

We also tested 10 HR contracts related to staffing agencies, HR systems, and HR consulting services for compliance with key terms.

We relied on computer-processed data in SAP to verify training, salaries, start dates, and other employee data. We also relied on computer-processed data from NeoGov to test job postings, candidate selection, and approvals. Our reliance was based on performing direct tests on the data rather than evaluating the systems' general and application controls. Our testing of controls was limited to verifying the appropriateness of user access to various HR systems, applications, and databases including:

1. NeoGov – used to recruit and select candidates. The Online Hiring Center (OHC) is used by the hiring departments to create requisitions for job postings and approve candidates. Insight is the part of NeoGov used by HR to post positions and filter candidates.
2. Guardian – used to complete I-9s and monitor employment eligibility.

3. FileNet – used to maintain employee records (e.g. transcripts and resumes).
4. Filezilla – used to transfer data to and from the Texas Department of Public Safety.
5. Clear Investigative Advantage – used to screen candidates.
6. Texas Department of Public Safety database – used to screen candidates.
7. Quest Diagnostics Employer Solutions Portal – used to view results of drug tests.
8. HR candidate databases – used to track selected candidates.

We do not believe that the absence of additional testing general and application controls had an effect on the results of our audit.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusion based on our audit objective. Our audit included tests of management controls that we considered necessary under the circumstances.

## Audit Results and Recommendations

---

### A. Lack of Reviews for Data Accuracy and Completeness

Controls to ensure the accuracy and completion of pertinent information need improvement. We identified issues in several areas within the hiring process:

- For a random sample of 25 employees hired, we identified 2 in which the related job postings were missing statements describing the positions as unclassified, as well as 8 with inaccurate and/or incomplete employee data in SAP (e.g. cash handling and commercial driver's license flags).

Additionally, for a random sample of 5 job classes, we compared the 19 related job postings to the job descriptions from the City's online bank of job classes and identified 19 discrepancies regarding physical requirements.

- Using the same sample of 25, we observed that required processing forms were appropriately retained; however, signatures of acknowledgement and approval were not always recorded. In total, 34 signatures from various forms reviewed were missing. For example, 9 forms that were used to process SAPD background checks were not signed by the candidate, HR, and/or SAPD (2 candidate signatures, 4 HR signatures, and 5 SAPD signatures were missing).
- New employee data reported to the Texas Attorney General's Office, as required by law, was neither timely nor complete. For data submitted by the City between November 2014 through May 2015, 362 of 581 (62%) entries were submitted past the deadline of 20 days. Additionally, 195 new hires were not reported.
- Education is not verified unless it is a minimum requirement for the position. For example, if a candidate is hired based on his or her qualifications including a bachelor's degree and master's degree in business administration for a position that only requires a bachelor's degree, HR will not obtain evidence of the master's degree.

Reviews of data for accuracy and completeness help the City to attract candidates, maintain relevant data, and comply with applicable laws and policies. For example, a candidate that responds to a job posting that is missing the required statement describing the position as "unclassified" may erroneously believe that the position will be covered under the City's Municipal Service Rules. Additionally, verifying all higher education listed on each candidate's resume reduces the likelihood of undetected resume fraud.

## **Recommendation**

We recommend that the Director of HR:

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

## **B. Insufficient Communication of Laws, Regulations, and Guidelines**

HR relies on the Supervisory Excellence Training offered to supervisors as a means to communicate applicable policies and best practices relating to Hiring Practices.

For a random sample of 25 employees tested, none of the interviewers had been to the training at the time of their related interviews.

Training courses and periodic refreshers help to ensure that the hiring departments comply with laws, regulations, and administrative directives related to issues such as non-discrimination and records retention.

## **Recommendation**

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

## **C. Lack of Screening for Temporary Employees**

The City has no standard process in place to ensure that adequate screenings are performed for temporary employees hired via contracts with staffing agencies. Furthermore, no process is in place to ensure that departmental contracts with staffing agencies are reviewed by HR prior to finalizing terms.

We also noted the following deficiencies:

- 1 of 5 contracts with staffing agencies was expired.
- Invoices for 3 of 4 applicable staffing agencies did not clearly define the mark-up rates as required by the contracts.
- Proof of insurance provided to the City did not comply with contract terms for 7 of 7 applicable contracts sampled, including 3 contracts with staffing agencies.

In part this occurred because contract administration plans, which highlight the key provisions of the contracts, the monitoring tasks to perform, and the frequency of actions to be taken, have not been created.

Thorough screenings include background checks, drug tests, and verification of qualifications and work eligibility. These screenings reduce the risk that unqualified and/or unsuitable candidates are hired. Additionally, contract monitoring, as described in the City's Procurement Policy and Procedures Manual, helps to ensure that contract requirements are met and safety and financial risks are minimized.

### **Recommendation**

We recommend the Director of HR:

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

### **D. Inappropriate User Access**

Controls to ensure appropriate user access are not effective for all systems, applications, and databases (systems) used in the hiring process. Improvement is needed for monitoring of inappropriate access.

2 of the 8 systems tested had inappropriate users:

- 3 of 30 (10%) randomly sampled users of NeoGov OHC were no longer employed by the City.
- 3 of 24 (13%) users of the Quest Diagnostic Employer Solutions Portal were inappropriate; 1 employee no longer required access, while 2 were no longer employed by the City.

Periodic, thorough reviews of user access reduce the risk of unauthorized access to sensitive data.

### **Recommendation**

The Director of HR should strengthen the controls over user access to ensure that access is promptly removed when no longer needed and that periodic,

thorough reviews are performed. Additionally, reviews should be documented and kept of file.

### **E. Performance Metrics**

HR's metrics are defined and supported. However, the performance measures currently being reported are primarily activity-based versus effectiveness-based. They are mainly used for tracking and informational purposes.

For example, the voluntary turnover rate metric is tracking the percentage of employees that have voluntarily terminated their employment with the City. However, there was no evidence that analysis of this information was taking place. The measure could be better utilized if HR was to also track the timeframe of the employee's employment and other components such as the department and title of employees leaving. The information could be reviewed to determine if certain trends are contributing to the employee's departure.

Additionally, the time to hire metric which is tracking the number of days it takes to hire an employee (the goal is 46 days) excludes positions that have been posted for over two weeks. These positions are reclassified as "non-traditional" hires and are excluded from the population used to calculate the result for this measure. Other than the length of time it takes to post a position, there is no clear definition that constitutes a "traditional" vs. a "non-traditional" hire (i.e. special recruitment and extended special recruitment). We recalculated this measure for FY 2014's entire population. Our results indicated that it is taking an average of 54 days to fill positions, opposed to the 48 day average reported in the metric.

The measure would be a more meaningful reflection of performance if it included all positions filled or used criteria such as job class when filtering the data (i.e. excluding all non-standard positions such as lifeguards, in which the City utilizes extended job postings and mass hiring events).

We benchmarked HR performance metrics of other municipalities, as well as those identified in various HR guides and articles. We identified additional measures that would assist HR in assessing its progress referenced in the table in Appendix A.

Performance measures, especially those that reflect progress towards outcome or efficacy, allow the City to determine if its actions are resulting in improvements to attract and retain qualified and capable employees.

### **Recommendation**

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

## Appendix A – Recommended Measures

HR Goals (Source: 2015 Budget Book)	Current Measures	Recommended Measures
<b>Recruitment</b>		
<ul style="list-style-type: none"> <li>Facilitate the recruitment of qualified, competent individuals through increased and targeted recruitment efforts.</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment outreach events attended (<i>informational, to track effort, presence in the community</i>).</li> </ul>	<p>Evaluating outreach events provides the department with measures to determine the effectiveness of their efforts. Consider tracking the following measures for each event:</p> <ul style="list-style-type: none"> <li>Number of qualified and targeted (i.e. minority and women) candidates that applied for positions as a result of each recruitment outreach event.</li> <li>Number of candidates hired from an outreach event.</li> <li>Number of resumes obtained for future job openings.</li> </ul>
<b>Training</b>		
<ul style="list-style-type: none"> <li>Develop specific leadership initiatives to build upon and improve management and supervisory practices, knowledge and skills through a comprehensive supervisory training program.</li> <li>Increase communication and understanding of the City's personnel rules, policies and procedures to ensure consistent application within the organization; assist employees and supervisors in dealing with non-uniform labor relation issues at all levels.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Percent of new supervisors/managers who have completed the Supervisory Excellence Training within five months of hire/promotion.</li> <li>Percent of new employees who have completed the New Employee Orientation within five months of hire.</li> </ul>
<b>Classification and Compensation</b>		
<ul style="list-style-type: none"> <li>Provide competitive starting salaries and benefits in order to attract and retain competent, qualified employees at all levels.</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary turnover rate (<i>to monitor retention; rates are comparable to other government agencies</i>).</li> </ul>	<p>Conduct trend analysis for a given period and determine if employee departures are due to salary:</p> <ul style="list-style-type: none"> <li>Turnover rate by job class.</li> <li>Percent of workforce or job classes with updated market reviews.</li> <li>Resignations and involuntary turnover for less than 3 months of service (expectations during hiring process were not communicated or employee did not agree with the department's culture).</li> </ul>
<b>Customer Support</b>		
<ul style="list-style-type: none"> <li>Collaborate with and support customer departments by providing expert consultative services and solutions regarding all aspects of human resources management, including employee relations, recruitment, compensation and benefits, and employee development.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<p>Identify areas in HR that need improvement using the following:</p> <ul style="list-style-type: none"> <li>Employee and department satisfaction surveys relating to HR Service and communication (i.e. use the scores from surveys as metrics).</li> <li>Set % goal for number of satisfactory responses.</li> </ul>

## **Appendix B – Staff Acknowledgement**

---

Sandra Paiz, CFE, Audit Manager  
Christopher Moreno, CFE, Auditor in Charge  
Rebecca Moulder, CIA, Auditor

## Appendix C – Management Response



# CITY OF SAN ANTONIO

P.O. Box 839966  
SAN ANTONIO TEXAS 78283-3966

September 2, 2015

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

RE: Management's Corrective Action Plan for the Audit of Human Resources, COSA Hiring Practices

The Human Resources Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<p><b>Lack of Reviews for Data Accuracy and Completeness</b></p> <p>We recommend that the Director of HR:</p> <ol style="list-style-type: none"> <li>1. Include independent reviews within the processes or implement quarterly audits to ensure accuracy and completeness.</li> <li>2. Verify all levels of higher education and certifications listed on a candidate's resume during the pre-employment screening process.</li> </ol>	5	Accept	Natalie Balderrama/ Assistant Human Resource Director	January 2016

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b><u>Action plan:</u></b></p> <p>1) HR will expand the current quality control review process, including the addition of quarterly independent reviews to ensure accuracy and completeness of civilian processing packets.</p> <p>2) HR will continue to verify the minimum education and experience required for each civilian hire consistent with current procedures. In addition, HR will expand the pre-employment screening process for non-standard hire transactions that require approvals above the department level to include the verification of all higher education and certifications listed on a candidate's résumé.</p>				
2	<p><b>Insufficient Communication of Laws, Regulations, and Guidelines</b></p> <p>The Director of HR should provide additional options such as online training modules to assist in improving employee attendance and ensuring that employees are educated on hiring policies and best practices.</p>	5	Accept	Natalie Balderrama/ Assistant Human Resource Director	January 2016
	<p><b><u>Action plan:</u></b></p> <p>Human Resources will expand current communication strategies regarding the city's hiring policies. HR will continue to offer regular training sessions for the recruitment module of the Supervisory Excellence Training (SET) Academy. This comprehensive training program was implemented in FY 2014 with the goal of training all supervisors in key competency areas, including the recruitment process. While supervisor attendance is currently tracked, HR will develop additional reporting tools to monitor and promote attendance. HR will also expand individual reference tools available, including providing additional resources on the existing SET Academy Recruitment Module web page. In addition, HR will explore alternative training methods including web-based training to ensure hiring managers are educated on the city's hiring policies.</p>				

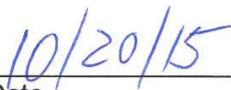
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
3	<p><b>Lack of Screening for Temporary Employees</b></p> <p>We recommend the Director of HR:</p> <ol style="list-style-type: none"> <li>1. Institute a requirement that HR be involved in the initial procurement process to ensure that staffing agency contracts include the required screening requirements.</li> <li>2. Also, provide oversight and guidance to ensure that contract administration plans are implemented for HR contracts.</li> </ol>	6	Accept	Natalie Balderrama/ Assistant Human Resources Director	January 2016
<p><b>Action plan:</b></p> <ol style="list-style-type: none"> <li>1) Vendor requirements for reporting and ongoing auditing of screening requirements have been developed and included in the current solicitation for citywide temporary services. Detailed reporting requirements will be included in final contract requirements for selected vendor(s), which are expected to be executed in December 2015. During the transition to the new contracts, departmental procedures will also be developed and communicated to ensure proper screening of temporary agency employees. HR will also partner with Finance/Procurement to develop a screening process for department requests to procure temporary services outside the scope of selected vendors. This process will include standard reporting language to be included in any department initiated contracts.</li> <li>2) HR has identified a dedicated staff member to provide oversight and guidance and ensure contract administration plans are implemented for all HR contracts.</li> </ol>					
4	<p><b>Inappropriate User Access</b></p> <p>The Director of HR should strengthen the controls over user access to ensure that access is promptly removed when no longer needed and that periodic, thorough reviews are performed. Additionally, reviews should be documented and kept of file.</p>	6	Accept	Natalie Balderrama/ Assistant Human Resources Director	December 2015

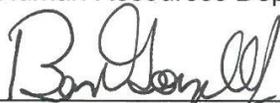
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b></p> <p>HR will conduct access validation for each recruitment division employee upon hire, transfer, or separation from the City. HR will also conduct monthly assessments of separated citywide employees to ensure access has been appropriately terminated from recruitment systems. In addition, HR will conduct quarterly reviews of all recruitment systems and remove user access as necessary.</p>				
5	<p><b>Performance Metrics</b></p> <p>The Director of HR should update metrics to more closely measure the department's effectiveness and efficiency in reaching its performance goals.</p>	7	Accept	Natalie Balderrama/ Assistant Human Resources Director	
	<p><b>Action plan:</b></p> <p>HR will continue to accurately report existing efficiency measures consistent with department procedures. HR will begin development of reporting and tracking procedures to support the consideration of additional effectiveness performance measures during the FY 2017 budget development process.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

  
 \_\_\_\_\_  
 Lori Steward  
 Director  
 Human Resources Department

  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Ben Gorzell Jr., CPA  
 Chief Financial Officer  
 City Manager's Office

  
 \_\_\_\_\_  
 Date