



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
PERSONNEL SERVICES, HUMAN RESOURCES

DEPARTMENT AUDIT

FOLLOW-UP #15-13-103F

April 29, 2015

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up during fiscal year (FY) 2015 of Audit No. 13-103, Personnel Services, Human Resources Department (HRD). The original audit was included in the fiscal year 2013 audit plan. The purpose of this follow-up is to report on the progress made by HRD in addressing our findings and recommendations. Our follow-up procedures rely on the departments providing the status of the recommendations and are substantially less in scope than an audit.

We limited our scope to actions taken to address our audit recommendations from the final audit report dated May 1, 2013, through the submission of actions taken memo completed by HRD on February 9, 2015, and the CAO on March 10, 2015.

BACKGROUND INFORMATION

HRD has the following major functional areas: Administration, Benefits and Insurance, Public Service University, and Personnel Services. The Personnel Services function is divided into four divisions: Employment, Classification and Compensation, Training, and Human Rights. The audit focused on the Employment and the Classification and Compensation divisions. The key business objectives of the Employment division are to recruit and retain a qualified and diverse workforce to meet the varied needs of the organization. The Classification and Compensation Divisions' key business objections are to manage and maintain the City's classification/compensation system.

SUMMARY

OIA made a total of six recommendations to HRD and one recommendation to the CAO. HRD has fully implemented one recommendation and the remaining five recommendations are in process. There is still opportunity for improvement with monitoring and evaluating the cost of temporary upgrades, reclassification approval time, collecting and measuring key data, monitoring department compliance with Administrative Instruction (AI) 7-31-1 and AI 7-32-2, and implementing Human Resource Information System (HRIS) policies and procedures. The recommendation made to the CAO is considered resolved.

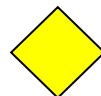
The status of the recommendations is identified by the symbols in the following legend:



Fully Implemented



Resolved



In Process



Not implemented

Recommendation #1 - CAO:

The CAO should:

- Require all departments to follow HRD's temporary payroll upgrade policies and procedures, especially when the collective bargaining agreement is silent about the maximum length of time an upgrade can be received;
- Require all departments to submit requests for temporary payroll upgrades to HRD for their approval for all employees, except sworn police and fire, as required by HRD policies and procedures; and
- Consider rescinding or revising Administrative Instruction 7-45 which allows departments to approve and enter upgrades of ten days or less without notifying HRD.

Response from CAO/HRD: *"The CAO and HRD agree with this recommendation. The CAO will provide notice to departments to follow all policies and procedures governing temporary payroll upgrades, and to ensure compliance with relevant collective bargaining agreements. In addition, CAO and HRD will undertake a review of Administrative Instruction 7-45 Temporary Upgrades for Employees other than Sworn Police and Fire to determine its effectiveness, take steps necessary to ensure compliance, and/or consider recession of the Administrative Instruction."*

Estimated Completion Date: *"Human Resources Department is requesting additional time to conduct a more detail analysis to the finding to provide a comprehensive solution."*

Status Reported by CAO as of March 10, 2015: *"Administrative Instruction 7-45, Section J relates to the collective bargaining agreements for Employees other than sworn Police and Fire. The maximum number of hours an employee may be upgraded will be in accordance with the respective collective bargaining agreement for union employees. The maximum number of hours E and I series employees may be upgraded will be in accordance with the Personnel Rules and Regulations."*

"An email was sent to all Department Directors and HR Coordinators on May 6, 2013."

"Considered rescinding or revising. Will leave in place as is."



Resolved - The CAO decided Administrative Instruction 7-45 will not be rescinded or revised.

Recommendation #1 - HRD:

HRD should:

- Monitor compliance with policies for temporary upgrades in coordination with Central Payroll personnel; and
- Identify and document a way to track the frequency and cost of all temporary upgrades granted and denied, including those provided to sworn police and fire, and those provided for less than ten working days.

See Response from CAO/HRD above.

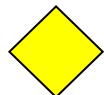
See Estimated Completion Date above.

Status Reported by HRD as of February 9, 2015: *“On May 6, 2013 the Chief Administrative Officer (CAO) sent an interoffice memorandum to all City Department Directors to remind them of their responsibilities under Personnel Rules and Regulations, Section 702, Temporary Payroll Upgrades and Administrative Instruction 7-45 Temporary Upgrades for Employees other than Fire and Police.*

“Request for Temporary Payroll Upgrades are submitted to the Human Resources Department (HRD). HRD routes requests for Temporary Payroll Upgrades through the Employment Division (ED), to ensure candidate qualifications, then to the Classification/Compensation Division (CCD) to determine the appropriate rate of pay for the upgrade. These Temporary Payroll Upgrades are then submitted to the Director of HRD for approval.

“The PeopleSoft HCM Remediation/Implementation project will provide additional opportunities to evaluate options to leverage technology in the approval process for temporary upgrades and to assist in auditing processes. The Kronos time keeping application can also be evaluated for options to assist in the reporting and management of hours recorded as temporary upgrade. The Kronos implementation is currently in progress.

“The Human Resources Information Systems section of the HRD will explore with ERP the development of regular reports to monitor Temporary Payroll Upgrades for compliance with Personnel Rules & Regulations, Administrative Instructions, and relevant collective bargaining agreements. It is anticipated the development and implementation of this report monitoring will be implemented by the first half of fiscal year 2016.”



In Process - HRD believes that the implementation of KRONOS will allow HRD to identify a way to monitor temporary upgrades.

Recommendation #2: HRD should track and monitor the hiring process to identify ways to improve efficiency and help determine the benefits of implementing the NEOGOV system.

Response from HRD: *“HRD agrees with this recommendation. HRD has identified ‘time to hire’ as a key performance indicator. Previous attempts with collecting and tracking key data in the employment process have been inhibited as a result of difficulties in extracting reliable and repeatable data from the legacy applicant management system. HRD is in the process of implementing the NEOGOV applicant management system which includes tracking and reporting features that will enable measurement of the hiring process.”*

Estimated Completion Date: *“HRD plans NEOGOV implementation in mid-July 2013.”*

Status Reported by HRD as of February 9, 2015: *“The NEOGOV Applicant Management system was implemented in July 2013. Time to hire data is produced semi-annually and reviewed for enhancement opportunities. Time to hire data are measured in days from Job Posting to Job Offer and days from Request to Advertise to Offer are tracked and reported. Data is reviewed to determine potential bottlenecks in the recruitment and approval process, and process adjustments are made as necessary.*

“The typical bottleneck occurs as a result of incomplete hiring request for hire packets or incorrect data submitted to HRD for approval. To remediate these issues, HRD has provided additional training through monthly HR Coordinators’ meetings, consultation with individual HR Coordinators, and regular updates to NEOGOV procedures.

“In addition, a review was conducted of the approval process and several suggestions were identified to reduce the approval process and steps. At the same time, Administration has required the implementation of a Fiscal Impact Analysis form prepared by the departmental Fiscal manager and approved by the department’s Executive Budget Analyst. The preparation of this form and inclusion of this form adds an increment of time to the approval process; however, this additional time has largely been mitigated by a reordering of the approval workflow.

“Time to hire has been incorporated as a key performance indicator and is reported semi-annually.”



Fully Implemented – Time to hire data is reported semi-annually. OIA also verified with its internal HR Coordinator that NEOGOV updates and reminders are received in meetings and emails.

Recommendation #3:

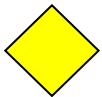
HRD should:

- Measure the time period for completion for all position reviews that are submitted to the division in an effort to reduce the amount of time it takes to perform a review; and
- Perform position reviews within the expected time frame, or provide the requesting department an explanation when the expected time frame will be exceeded.

Response from HRD: *“HRD agrees with this recommendation. CCD currently logs and collects information related to requests for reclassification reviews including; but not limited to, date of receipt, and date of completion. CCD will begin to track additional information such as, date review is initiated. CCD will monitor overall time a reclassification review is pending, and the actual time to complete the review. It is important to recognize, as noted in the Audit Report, there are a variety of factors and organizational perspectives that are considered in establishing the priority of reclassification reviews.”*

Estimated Completion Date: *“CCD will begin tracking this information immediately.”*

Status Reported by HRD as of February 9, 2015: *“CCD regularly tracks requests for reclassification of positions including the date the request is received, the date of the reclassification interview, the dates of budget and CAO approval, and effective date. Additional information collected includes the outcome of the reclassification analysis.”*



In Process – CCD does track the time it takes for a reclassification of position to be performed. However, the time from the date the request is received to the effective date is still significant. The number of days between the date the request is received and the effective day for fiscal year 2014 ranged from 11 to 176 days, with an average of 72 days.

Recommendation #4:

HRD should:

- Use the following HR resource and activity measures, staffing ratios, and workforce demographics for the ED and CCD, and monitor those measures:
 - Time to hire/fill a position;
 - Cost per hire;
 - Frequency and cost of salary increases (management/non-management);
 - Number of management and non-management positions;
 - Demographics (ages of employees used for succession planning and recruiting);

- Turnover rates (voluntary/involuntary) of major classes of employees; and
- HR staff and expense to FTE ratio.
- Monitor employee satisfaction, work environment, and quality of supervision through performance surveys and exit interviews, in order to consider HR outcome measures such as:
 - Quality of hire (employees who made it past probation to employees terminated during probation);
 - Manager satisfaction; and
 - Candidate satisfaction.
- Run and review reports in the NEOGOV and PeopleSoft systems regularly to determine whether departments are entering information accurately and completely, to minimize inconsistencies between systems.
- Collect data and monitor key ratios that will help develop measures, such as:
 - Applicants interviewed to total applicants ratio;
 - Qualified to non-qualified applicants ratio; and
 - External to internal applicant ratio.

Response from HRD: *“HRD agrees with this recommendation, in part. Collecting, tracking, and analyzing key data, will assist with establishing performance targets and will provide an appropriate method of monitoring system and program performance to provide a basis for process improvement.”*

“HRD performance measures were refined and added during the last budget cycle and include numerous performance measures across all HRD divisions. Data collection mechanisms have been established or are in development. Implementation of the NEOGOV applicant management systems will improve data collection capabilities related to the activities of the ED. Further remediation and development of the Human Capital Management (HCM) Performance Management module of the PeopleSoft ERP system will enhance data collection capabilities and provide the basis for analyzing a variety of HR metrics. On a continuous basis, current measures will be evaluated, refined, and replaced as necessary to focus on the organizational expectations and desired results.”

Estimated Completion Date: *“This is a continuous ongoing activity.”*

Status Reported by HRD as of February 9, 2015: *“HRD collects and analyzes key performance data on a semi-annual basis. The key performance indicators used by HRD include such items as Time to Hire, percentage turnover during the first year of employment, participation levels in promotion testing, employee benefit plans, city sponsored training, average compensation rates, etc.*

“HRD continually reviews and evaluates the priority outcomes targeted for measurement. As the development and implementation of the Human Capital Management (HCM) components of the ERP PeopleSoft® continues, HRD will examine additional opportunities for meaningful performance metrics.

“Time to hire, position, workforce demographic data, and turnover data is available to City departments. There is an ongoing effort to enhance and further automate the generation and distribution of workforce data.

“An electronic integration from NEOGOV to PeopleSoft® was developed and implemented. Hire information is passed to PeopleSoft in a nightly process. The hire records in PeopleSoft are reviewed daily to validate data was successfully and accurately recorded.

“Applicant information gathered in NEOGOV continues to be evaluated for best practice measurement and most meaningful reporting for City of Albuquerque departments. The City of Albuquerque and Mayor’s initiative to interview qualified veteran applicants, continuous postings for high volume positions, and hard to fill positions are some of the considerations to be addressed in this continuous ongoing activity of defining and implementing meaningful measures.”



In Process – HRD has made strides to collect and measure key data that will aid in developing meaningful measures. However, HRD is not collecting and measuring all of the elements included in the recommendation. HRD should be tracking cost per hire, frequency and cost of salary increase (management/non- management), turnover rates for all employees, not just new hires, and HR staff and expense to FTE ratio. HRD needs to expand the data collected and measured to include employee and manager satisfaction and applicant data.

HRD has implemented a daily process which enables HRD to validate data is accurately transferred from NEOGOV to PeopleSoft.

Recommendation #5: HRD should develop and take lead responsibility for an employee evaluation system that provides for annual evaluation, development of goals and objectives, and training plans for all employees within the organization, and maintain a formal accountability structure for completing evaluations.

Response from HRD: *“HRD disagrees, in part, with this recommendation. A process of performance planning and assessment is in place as provided through Administrative Instructions 7-32-1 and 7-32-2. Administrative Instruction 7-31-1 Employee Work Plans and Administrative Instruction 7-31-2 Performance Evaluation Guides prescribe approaches to performance appraisal and that evaluation of employee performance are conducted annually. Departments annually submit completed evaluations to the Human Resources department for review and retention.*

“There is a significant opportunity to improve ease of use and consistent administration with the implementation of the Human Capital Management (HCM) Performance Management module of the PeopleSoft ERP system. In conjunction with Manager Self-Service the processing of evaluations can be automated with significant reduction in processing and retention of paper forms.

“While not a recommendation the Audit Report states; ‘The HRD does not enforce the requirement for annual performance evaluations, development of goals and objectives, and training plans for all employees in coordination with City departments.’ In order to address this finding, HRD will provide notice to all departments of the requirements of Administrative Instruction 7-31-1 Employee Work Plans and Administrative Instruction 7-31-2 Performance Evaluation Guides and a current listing of department staff subject to the provisions of the Administrative Instructions. In addition, HRD will develop a tracking mechanism to ensure newly hired and promoted employees are placed under a performance evaluation within 30 days of their appointment.”

Estimated Completion Date: *“Notice to all departments of the requirements of Administrative Instruction 7- 31-1 Employee Work Plans and Administrative Instruction 7-31-2 Performance Evaluation Guides will be provided within 45 days.*

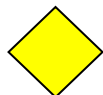
“The development of a tracking mechanism to ensure newly hired and promoted employees are placed under a performance evaluation within 30 days of their appointment will be included in the scope of on-boarding process development targeted for completion in Fiscal Year 2014.

“Implementation of HCM Performance Management module and Manager Self-Service within ERP system will be governed by the ERP Roadmap.”

Status Reported by HRD as of February 9, 2015: *“HRD, annually, provides notice to department directors of the requirements of AI 7-31-1 Employee Work Plans and AI 7-32-2 Performance Evaluation Guides and the deadline for submitting completed evaluations to the HRD. In addition, HRD provides notice to the HR Coordinators within each department of the evaluation requirement and a department specific spreadsheet for tracking evaluations.*

“Departments in turn, submit to HRD completed copies of the employee evaluations and a completed copy of the tracking spreadsheet.

“HRD continues to pursue the automation of the performance evaluation process. The HCM remediation and implementation is ongoing and a roadmap for project completion has been developed. The implementation of the PeopleSoft® E-Performance module is scheduled to be completed in March 2016.”



In Process – Currently HRD does remind departments of the requirements for Administrative Instruction (AI) 7-31-1 and AI 7-32-2. However, the PeopleSoft E-Performance Module will automate the tracking of performance evaluations (PEGs) and employee work plans (EWPs). The implementations of the E-Performance module will more accurately allow HRD to ensure departments are completing PEGs and EWPs.

Recommendation #6:

HRD should:

- Document the general control policies and procedures for the HRIS, including written processes to grant and terminate database access, define user roles, and identify access needed to perform the required functions of those roles; and
- Transfer the system administrator duties to ITSD, including the responsibility for terminating user access to the HRIS when employees transfer and/or terminate their employment.

Response from HRD: *“The current HRIS referenced in this audit is an in house developed Lotus Notes system used for posting jobs and processing applications. Lotus Notes cannot be accessed from outside the CABQ firewall. As a result when the NT or network ID is revoked by ITSD for a terminating employee access to Lotus Notes is no longer available to them.*

“HRD agrees with this recommendation. Written processes and procedures will be in place to govern access to NEOGOV. Lotus Notes is being replaced by software as a service provider,

NEOGOV. A functional area of Human Resources, HRIS, will serve as system administrators for NEOGOV and as such will maintain access including adding new, changing, or deleting system users. A request form will be utilized to document the request for access, the Employment Manager approval, and to record the access granted or removed by the HRIS area of Human Resources. The process definition is being updated for NEOGOV implementation.

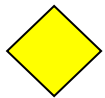
“The security or access administrators for NEOGOV will be the HRIS functional area within Human Resources. ITSD and Human Resources are in agreement that the Access Revocation Policy is in need of review and revision in light of the City's acceptance of cloud based or software as service applications such as NEOGOV. These specific function applications are typically administered by the user departments, in this case Human Resources.”

Estimated Completion Date: *“HRD plans NEOGOV implementation in mid-July 2013.”*

Status Reported by HRD as of February 9, 2015: *“Lotus Notes has been replaced by NEOGOV. Options to store and retrieve historical information are being evaluated by ITSD to determine the most logical and cost affective technology to support this function.*

“The administration of access to NEOGOV is currently managed by HRIS within the Employment Division. Security administration has been discussed with ITSD with the two Departments agreeing this cloud based application is best managed within Human Resources and that further review and modification of the Access Revocation Policy is needed. Procedures and forms have been drafted and are undergoing further review.

“The PeopleSoft® Remediation project will provide security administrators with notification of terminating and transferring employees as the employee actions are processed. With that functionality in place security administrators in all applications will be presented with employee change information to help manage access in a timely fashion. These notices should be available in the 4th quarter of calendar year 2015.”



In Process – HRD has created policies and procedures for HRIS. However, these policies and procedures are undergoing review. Additionally, HRD has chosen to keep system administrator duties under HRIS.

Follow-Up
Personnel Services, HRD
April 29, 2015

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