

# **Social Development Commission**

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## ***Human Resources Internal Audit Report***

**JUNE 26, 2009**

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## **EXECUTIVE SUMMARY**

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### **Background**

Jefferson Wells was contracted by Community Relations – Social Development Commission (“CR-SDC”) to provide an independent internal audit of the Human Resources (“HR”) department and related processes.

Jefferson Wells wishes to extend its appreciation to Community Relations – Social Development Commission personnel for their support and assistance throughout this assessment. The knowledge and cooperation displayed by all levels of CR-SDC staff and management contributed to both the completeness and accuracy of this report.

We would like to commend CR-SDC on the following practices observed:

- A formalized, well-documented salary level process
- Formally benchmarking salary levels
- Incorporating guidance from the Society for Human Resource Management

### **Scope & Objectives**

Jefferson Wells reviewed the primary functions within the HR department to ensure they are operating as management has intended and to ensure adequate controls are in place to mitigate inherent risks within the processes.

The specific processes reviewed included:

- Job posting/descriptions
- New hire processing
- Salary leveling and compensation
- Job transfers/changes
- Terminations

### **Conclusion**

This report reflects the results of the Jefferson Wells engagement. The analysis and assessment techniques used to identify these issues included interviews, observations, and review of documentation. Based on the results of our review, we noted no major control deficiencies however observations were noted requiring management’s attention as well as other opportunities for improvement. These are outlined in the following sections of this report.

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## PROCEDURES PERFORMED

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Jefferson Wells performed the audit of the HR function according to the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*. As part of our audit approach, Jefferson Wells obtained a thorough understanding of the key HR processes via observation and discussion with management and documented this understanding via a process narrative. From the narrative, Jefferson Wells identified key process controls, which were then reviewed and validated through detailed test procedures. All issues and observations were reviewed and confirmed with management.

Jefferson Wells performed the following detailed testing procedures during the HR audit.

- Ensured job descriptions have an approved and supported salary level.
- Ensured job postings are approved and applicant tracking logs are complete.
- Ensured new hires are approved and accurately processed and the appropriate background and verification checks occurred.
- Ensured salary level and pay rate are accurately reflected in payroll system.
- Performed an analysis of employee payroll data to:
  - Validate that rates/levels are consistent among similar or same job descriptions.
  - Validate that rates are within the documented scales for appropriateness and that any exceptions are adequately supported.
  - Ensure job positions among the same scale are consistent and comparable.
  - Identify completeness of employee records – for example, employees with no job title, level, and/or rate.
  - Ensure rates are appropriate within the position and pay scale.
- Ensured that Personnel Action Forms (used to record new hires, changes/transfers, and terminations) are processed timely.
- Ensured terminated employees are processed accurately and approved.
- Ensured employee transfers/changes are processed accurately and approved and that all positions were posted for.
- Ensured that pay increases were processed accurately and approved.

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## **OBSERVATIONS & RECOMMENDATIONS**

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### **1. Pay Rates & Increases**

In reviewing pay rates and increases, we noted the following:

- A. Two of 7 executives had no documented approval of their last merit increase (January 1, 2009) other than the HR Director on their Personnel Action Form. Also, the HR Director had no approvals on his Personnel Action Form supporting the last merit increase. As a mitigating control, performance evaluations have the approval signature of the CEO, however these were not located (copies were located subsequent to fieldwork and signed by the CEO at that time). Note: the Benefits Clerk performs the adjustment of pay rates in the system.
- B. The salary for 16 of approximately 300 employees (5%) exceeds the maximum salary in their salary range. There is no formal approval of employees whose salary exceeds the maximum salary in their salary range.
- C. There were 23 employees that received pay increases at the same date a pay freeze was put into effect. These employees were increased to keep them at the minimum pay of their salary grade. The 2009/2010 Compensation Plan memo (October 13, 2008) to the Human Resources and Budget/Finance Committees from the CEO, Director of Finance, and Director of Human Resources noted that there would be an increase to the salary schedule to “remain competitive in hiring employees,” but did not note any increases to be given to existing employees.

Pay increases without documented approval may result in unauthorized pay increases.

#### **Recommendation:**

To ensure appropriate approvals are obtained and documented, CR-SDC should consider the following regarding pay rates and increases:

- A. Document the CEO's approval of all executive Personnel Action Forms and evaluations from 2008. Going forward, ensure merit increase Personnel Action Forms for executives are signed by the CEO.
- B. Document management (e.g., CEO) approval on the Personnel Action Form for employee pay increases that exceed the maximum salary in their salary range. Also, see recommendation B in “Salary Levels & Monitoring”.
- C. Provide a revised memo to the Human Resources and Budget/Finance Committees noting that there were employees who received pay increases in spite of the pay freeze due to keeping them at the minimum of their salary level.

#### **Management Response:**

- A. Will ensure that the CEO signs all merit increase Personnel Action Forms for all of her direct reports as has been the practice. The three Personnel Action Forms above were post signed; they were misrouted in the CEO's absence.

*Estimated Completion Date:* Immediate

*Responsible Party:* H.R. staff who process Personnel Action Forms.

- B. Since there is no maximum rate (the pay scale maximums are only listed to be able to participate in salary surveys), no employee reaches the maximum. However, when processing salary increases, the H.R. Director does note high salaries in pay scales and reviews the performance evaluation section regarding readiness for promotion and the length of service of the employee that would indicate a reason for the high salary range.

*Estimated Completion Date:* Current

*Responsible Party:* H.R. Director

- C. When presenting the compensation plan for approval for an ensuing year, the salary scale has been increased by the CPI. This causes some recently hired employees' salaries to fall below the minimum; therefore their salaries are automatically increased to that level effective on the date of the change. The salary scale is approved by the board and it is understood that, to maintain fairness and equity, those that fall below the minimum will be raised to the new minimum. This approval for 2009 will be brought back to the Human Resources Committee for specific post-approval at the next committee meeting. In the future, that action will be specifically stated on the proposal to the board.

*Estimated Completion Date:* October 2009

*Responsible Party:* H.R. Director

## **2. New Hire Process**

In reviewing the new hire process, we noted the following:

- A. The new hire Personnel Action Forms for 3 employees were signed on behalf of the CEO instead of the CEO directly. In these instances, there is a risk of the CEO not being made aware of the new hire and related terms of hire (e.g., pay amount, salary level, etc.).
- B. Professional references are not consistently obtained and contacted and prior employment verification does not consistently occur. Eight of eleven new hires did not have a Reference Verification Form in their files. Not contacting prior employers and professional references may result in inaccurate employment history provided by candidates and unawareness of the employees past performance.
- C. The current job application form does not indicate how candidates were made aware of the position. This does not enable a way to follow up on which postings are the most effective and if candidates have personal relationships to current employees that could result in a conflict of interest.

- D. CR-SDC does not perform pre-employment drug screening for all employees. Currently, only testing is performed for reasonable suspicion. This may pose a risk of discrimination.

**Recommendation:**

CR-SDC should consider the following related to the new hire process:

- A. Obtaining a back-end approval by the CEO in instances where the CEO is unable to provide the initial approval.
- B. Performing and documenting the employment and professional reference verification for all new hires.
- C. Modifying the employment application to add a section noting how the candidate was made aware of CR-SDC and the position.
- D. Requiring a pre-employment drug screening for all employees and random testing thereafter.

**Management Response:**

- A. In instances where the CEO will not be available to sign a new hire Personnel Action Form for a critically needed hire, another authorized Director has signed on her behalf. The recommendation to have the CEO back-sign those is wise and will be put into effect. A memo for record will be written to indicate this procedure in this circumstance.

*Estimated Completion Date:* June 2009

*Responsible Party:* H.R. Staff

- B. Obtaining references from other employers has become increasingly difficult due to employer fears of law suits; we have developed a staff person who has learned to get as much information as practical from reference sources - if they call us back. Even when references are not able to be obtained and the hire offer is made based on the information we have verified, a reference sheet can be filled out and placed in the personnel file to show the attempt. Currently, the Personnel Action Form is noted that references were completed.

*Estimated Completion Date:* Fall 2009

*Responsible Party:* H.R. Assistant

- C. This information was previously taken off the application because the agency did not have difficulty obtaining applicants. It added another tracking chore to a very busy staff person and was not considered useful information.

*Estimated Completion Date:* Unless deemed necessary, we would prefer not to track the data.

*Responsible Party:* H.R. Assistant

- D. CR-SDC does mandatory drug screening for Head Start Bus Drivers as required by the Department of Transportation and Head Start. The testing is done periodically throughout their employment. No other funder requires it. Any employee who is suspected of being under the influence of drugs or alcohol is referred for immediate testing. Since no employee is mandated for pre-employment drug testing except all of those who are required by law to have valid driving records and drive a school bus, it seems that selection discrimination is not an issue with others. It is not a usual practice with Community Action Programs to require pre-employment drug testing.

*Estimated Completion Date:* Unless deemed necessary, we would prefer not to add this.

*Responsible Party:* N/A

### **3. Job Transfers**

In reviewing and testing job transfers, we noted the following:

- A. Personnel Action Forms and confirmation letters are not consistently completed for temporary job transfers. By not completing the Personnel Action Form, key documentation and proper approvals may not be obtained.
- B. Seven of twelve job transfers tested were not posted.
- Four of 12 job transfers tested were due to the position being eliminated
  - Two of 12 transfers were due to temporary assignments
  - One of 12 was due to a demotion

Per the policy manual (section 3.3), it states that “open positions for which there are known qualified internal candidates will be posted internally only”. Not posting all available positions results in all employees not being provided the opportunity to apply for open positions or not obtaining the best available candidate for the position.

#### **Recommendation:**

CR-SDC should consider the following regarding job transfers:

- A. For temporary job transfers, CR-SDC should:
- Create a process and policy (in the Personnel Policy Manual) on how temporary job transfers are handled.
  - Document temporary job transfers via a signed (approved) Personnel Action Form. The form should state the nature of the assignment, length, and intention once the assignment is over, including having the opportunity to apply for any open position.

- Confirm all pertinent information with the employee via a confirmation letter.
- B. For job transfers with no job posting, CR-SDC should:
- Update the process and policy (i.e., Personnel Policy Manual) on how job transfers and related postings should be handled to clarify when a position does not have to be posted due to a direct transfer (i.e., for qualified employees whose current position is terminated due to discontinued funding).
  - Ensure that all other employees, including employees who are demoted or have known performance issues, are required to apply for an open position versus being transferred directly.

**Management Response:**

- A. Except for very temporary assignments and ad hoc duties that do not affect the status of an employee, a Personnel Action Form will be done showing the affect and date of status change and this will be communicated to the affected employee.

*Estimated Completion Date:* Immediate

*Responsible Party:* Supervisors

- B. The policy will be updated to show this.

*Estimated Completion Date:* In 2010 with the review of the entire manual as has been recommended.

*Responsible Party:* H.R. Director

**4. Salary Levels & Monitoring**

In reviewing and testing salary levels, we noted the following:

- A. Salary levels are not currently monitored among unique job descriptions with the same level. This could result in unknown variations of experience, education, etc. among jobs in the same salary level and pay.
- B. Several instances of pay rate and level inconsistencies (i.e., some employees paid more than others in higher level positions).
- C. The Quality Control Manager is rated at level 15 (109 points), however 109 points is level 14. Although there was no effect on gross pay for this instance, there is a potential risk of inaccurate pay with the current manual process.
- D. In testing 10 job postings/new hires, we noted one position in which the salary grade level form was not approved by the CEO. The form on file was an older version; however the current version was unable to be located. Without an approved salary level form, there is no documented indication that the salary level was approved for the position.

**Recommendation:**

To ensure salary levels are accurate, approved, and monitored, CR-SDC should consider the following regarding salary levels:

- A. Review all job descriptions within the same salary level for consistency (i.e., education, experience, etc.) and adequacy on a periodic basis.
- B. Reduce the number of salary levels (i.e., broadbanding) from 33 and/or revisit the current salary levels and supporting process for appropriateness to minimize volatility among pay levels and rates.
- C. Automate the salary level process by migrating the Position Level Rating form into a spreadsheet to ensure accuracy in calculations and reduce the risk of human error. This would also allow for electronic storage and retrieval. Ensure that salary level forms are verified for mathematical accuracy and accuracy of resulting salary level.
- D. Ensure that the salary level form is approved by the CEO. Going forward, ensure that all salary level forms are approved per CR-SDC policy and that the forms are centrally filed.

**Management Response:**

- A. Functional job analysis does not consider job titles, education, experience or any individual job factor as a group. Each element of a job function analysis (leveling) is given points on a pre-determined value regardless of the job title and therefore only the individual job description and analysis can be done as a stand alone document. There is a comparison done at the point of leveling a job to see if the level is close to others with known similar job functions as a comparative.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Director

- B. The broadbanding concept creates unique problems with most employers and is not recommended for smaller organizations. The existing traditional structure works well and changes are not seen as beneficiary. The Job Rating Scales were reviewed and updated in May 2008. Changes were made to clarify definitions, vocational preparation and number of people supervised.

*Estimated Completion Date:* N/A

*Responsible Party:* N/A

- C. Will automate.

*Estimated Completion Date:* December 2009

*Responsible Party:* H.R. Director/Manager

- D. Going forward, we will ensure that all salary level forms are approved per SDC policy and that the forms are centrally filed.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Staff

## **5. Job Descriptions**

In reviewing and testing job descriptions, we noted the following:

- A. Job descriptions are not periodically reviewed by the department manager/supervisor unless there is turnover in the position or at the supervisor's request.
- B. The Senior Compliance Auditor job description had no salary level and was not posted.

This may result in obsolete job descriptions and salary levels that are not reflective of the current job tasks.

### **Recommendation:**

To ensure job descriptions and salary levels are accurate and appropriate, CR-SDC should consider the following:

- A. Perform a cyclical review of all active job descriptions to ensure tasks are reflective of the current position and salary grade levels are appropriate.
- B. The Senior Compliance Auditor job description should be updated to reflect the salary level noted in Paychex. Also, the employee's title should be updated to the current title in Paychex. Finally, to promote opportunities for all CR-SDC employees, all open positions should be posted internally even if there is a known internal candidate. Also, see recommendation "A" in Observation #3 in this report.

### **Management Response:**

- A. Job descriptions are reviewed as they are created or changed or as managers indicate changes have been made. Will notify all managers/supervisors periodically to review job descriptions to ensure they are current.

*Estimated Completion Date:* Will notify in July 2009.

*Responsible Party:* H.R. Director

- B. The promotion of the Compliance Auditor to Senior Compliance Auditor was directed by the Board's Audit Committee, as was the salary increase. The title was entered in the payroll system, but did not transfer to the 'paychex', which will be corrected. The

job description will also be re-leveled once clarified with the Audit Director. If the job description is written to be the same as a Compliance Auditor, but lists achievements such as attainment of certifications or education status, it will likely be an automatic move to that status as is used for Accountants or Teachers. In that case, posting the position would not be done.

*Estimated Completion Date:* July 2009

*Responsible Party:* H.R. Director

## **6. Job Postings**

In reviewing and testing job postings, we noted the following:

- A. Job postings are not formally approved outside of the program manager/director and program accountant. Note, however, that the CEO approves all new hires. This increases the risk of hiring a candidate for a position that was not approved.
- B. The Request for Job Posting form was not located for the Energy Case Manager, Quality Control Manager, and Policy Analyst. Also, the Energy Hotline Coordinator Request for Job Posting was not signed by the Program Accountant. The Request for Job Posting documents the approval of a position to be posted and hired for. Without the form, there is a risk that the posting was not appropriately approved.
- C. There were 2 postings for the Executive Support Coordinator, one noting a salary level 8 and the other a salary level 17. Both provided the correct pay range, which is equivalent to the correct salary level 17. It is unclear which job posting was advertised. If the incorrect description was posted, there is a risk that potential candidates may have not applied for the position.

### **Recommendation:**

To ensure job postings are approved and accurate, CR-SDC should consider the following:

- A. Consider a higher-level approval for job postings that aligns with the approvals obtained when the employee is hired. This can be documented via the existing Request for Job Posting form.
- B. To ensure that appropriate approvals are obtained, retain the Request for Job Postings in a central location and consider filing them with the job description, posting, and the applicant tracking log.
- C. Establish a formal review process to confirm job posting accuracy prior to posting.

### **Management Response:**

- A. Job posting approval is made by the Director of the Program/Department and the accountant to ensure need and available funds. The actual hiring is approved by the

CEO. Waiting for the CEO to sign the request to post the job could result in significant delay in filling the position, since she is frequently in the community. Unless deemed necessary, we would prefer not to add this additional approval.

*Estimated Completion Date:* N/A

*Responsible Party:* N/A

B. Will institute.

*Estimated Completion Date:* Fall 2009

*Responsible Party:* H.R. Manager

C. The H.R. Director or H.R. Manager to write the posting and the H.R. Assistant to review it for accuracy.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Director/Manager

## **7. HR Department Security**

Walk-in traffic is currently allowed into the Human Resources office increasing the risk of a security breach and exposure to personal employee information.

### **Recommendation:**

To ensure security and privacy of employee's personal information, consider:

- A. Having job applicants fill out applications outside of the HR department office (e.g., a cubicle or office off the main lobby).
- B. Rearranging the HR office to segregate the entry from the rest of the office area.

As there are personnel files and potentially other personal information in plain view, this would eliminate non-Human Resources personnel from entering the area within the office where personal information can be accessed.

### **Management Response:**

A. Recommendation completed.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Manager

B. Single entry now in place.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Manager

## **8. Job Applicant Tracking Log**

The job applicant tracking log used to document all job applicants is not currently reviewed by the HR Manager or Director upon completion by the department supervisor/manager. Without a final review, this may be difficult to ensure that the candidate meets all requirements of the job position and no opportunity to review all key documents for accuracy.

### **Recommendation:**

As part of the final process prior to extending an offer, CR-SDC should consider having the HR Manager or Director perform a final review of the applicant tracking log.

Also, see recommendation B in “Job Postings” regarding the retention of all new hire documents.

### **Management Response:**

The prior H.R. Manager reviewed each job log before making an offer to the recommended candidate to ensure the candidate was fully qualified and compared that candidate’s background with others who were interviewed to double check fair consideration. That practice will resume with the newly organized H.R. staff.

*Estimated Completion Date:* September 2009

*Responsible Party:* H.R. Manager

## **9. Employee Record Information Accuracy**

Throughout detailed testing and analysis, we noted various inconsistencies around key personnel information in the system. Note: In no instances was there a financial impact to the employee or CR-SDC. This is typically a result of 2 separate systems used – one for employee information and the other for payroll – and information being updated in one but not the other.

- There were 3 employees with incomplete profiles in the Paychex payroll system. One had no title listed and two had no salary level listed.
- One employee’s level in the system is listed as 14 but the job description has 16.
- Two employees had the incorrect salary level on their Personnel Action Form and in the payroll system.
- One employee had the incorrect job title noted in the system (with the correct salary level).

Incorrect personnel records may increase the risk of inaccurate payroll data.

**Recommendation:**

CR-SDC should perform the following to maintain the accuracy of personnel records:

- A. Update all records noted accordingly.
- B. Develop procedures to ensure that key personnel data is input accurately from the Job Posting, Job Description, and Personnel Action Form for new hires and job changes/transfers. This should include the information in both Time Track and Paychex. Also, see recommendation B in “Job Postings” regarding the retention of all new hire documents.

**Management Response:**

- A. Completed as recommended.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Data Entry Clerk

- B. Entries for pay purposes are entered in the “Timetrak” payroll system. Employee data is entered into a separate system (“Paychex”). To ensure that all data transfers automatically, the agency will consider consolidating the two systems. Accounting, Payroll and H.R. will meet in July 2009 to confirm and the new system will be contracted for an effective date in 2010.

*Estimated Completion Date:* 2010

*Responsible Party:* H.R. Manager/Payroll Manager

**10. Whistleblower Program**

In reviewing the whistleblower program, we noted the following:

- A. Employees are provided a one-page overview of the whistleblower program upon employment, however the program is not periodically (e.g., annually) communicated to employees.
- B. The current whistleblower program is noted in the table of contents of the Personnel Policy Manual, but is not mentioned in the detail and is not mentioned in the employee handbook. Note: the policy was highlighted in the personnel manual version on eServices.
- C. The submission methods for reporting inappropriate activity include in-person contact, e-mail, or postal mail. Other than postal mail, there is no other submission method that promotes anonymity.

Without periodic communication and promotion of the program, as well as an efficient method to submit anonymous claims, the program may not be fully utilized.

**Recommendation:**

To enhance awareness of the whistleblower program and promote anonymity, CR-SDC should consider the following:

- A. Periodically promote the whistleblower program to the employees and stakeholders of CR-SDC. Besides outlining the program in the personnel policy and employee handbook, include periodic (e.g., annual) communication of the policy to employees for review and sign-off. Other examples of where the program can be promoted include: the intranet site, posters in common areas (e.g., break rooms), and discussions at company meetings.
- B. Ensure that the policy manual is updated accordingly and that a process is established to update both versions of the manual.
- C. Implement a direct phone line to make the submission process more anonymous, efficient, and utilized. A third party administered hotline is a best practice as the individuals handling phone calls are trained interviewers, however if this is not feasible, the line should go directly to a trained legal counsel or Internal Audit representative to promote independence. All calls should be formally logged, tracked, and reported to Human Resources (for complaints or personnel matters) or the Board or Audit Committee (fraudulent activity) as appropriate.

**Management Response:**

- A. Will analyze the recommendation with the Internal Audit Director to include who will be responsible for maintaining and follow up, since this policy interacts with the Ethics policy and inclusion in other communication outlets.

*Estimated Completion Date:* December 2009

*Responsible Party:* H.R. Director

- B. There is only one version of the Personnel Policy Manual and it has been updated on e-services.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Director

- C. The agency has no funds to create and staff a separate phone line with persons qualified to respond to this matter. However, rewriting the Whistleblower policy to reflect the ability of staff to report such events to sources other than Human Resources will be done. Staff also may remain anonymous by omitting their name. If another department wishes to be included in answering a separate phone line, that will be instituted with that department.

*Estimated Completion Date:* December 2009

*Responsible Party:* H.R. Director w/other department representative

## **11. Job Application Forms**

Job applications are currently filed in hardcopy form. Also, all applicants are tracked in a separate log for each position. This currently poses a risk of misfiling and inefficiency in the storage and retrieval of job applications and related candidate information.

### **Recommendation:**

CR-SDC should consider the following to increase the efficiency within the job application process:

- A. Scanning and electronically filing job applications by last name.
- B. Develop a single spreadsheet (e.g., annually) or database that lists all applicants and key information currently noted on the individual applicant tracking logs. Once populated, all of the fields of information can be easily filtered/queried to identify applicants, jobs posted, interviews held, etc.

### **Management Response:**

- A. This is in process now and will be fully implemented by fall 2009.

*Estimated Completion Date:* September 2009

*Responsible Party:* H.R. Manager

- B. This is in process now and will be fully implemented by fall 2009.

*Estimated Completion Date:* September 2009

*Responsible Party:* H.R. Manager

## **12. Form Approval Process**

Currently, manual forms (e.g., Personnel Action Forms) are routed for signature approvals. This increases the risk of inefficiency, misplaced forms, and the inability for approvers to sign when out of the office.

### **Recommendation:**

To enhance the efficiency of the form approval process, CR-SDC should consider automating the distribution of these forms. This can be simply e-mailing the form to the appropriate personnel or through an automated system with workflow approvals.

**Management Response:**

This will be considered with the review of acceptability by government funding sources that have required live signatures in the past. Any allowable automation will be helpful.

*Estimated Completion Date:* 2010

*Responsible Party:* H.R. Manager

**13. Employee Personnel Manual**

A formal, annual review of the Personnel Policy Manual does not occur. This increases the risk of inaccuracy or certain procedures/policies being outdated. Note, however, that the manual is updated as needed based on initiated changes (e.g., changes in laws/regulations).

Also, CR-SDC has an Accountability Manual that contains much of the same information in the Personnel Manual. This increases the risk of variations between the two documents.

**Recommendation:**

To ensure that the personnel manual remains accurate, CR-SDC should consider the following:

- A. Perform a formal, annual update to the manual to ensure that it is current and up-to-date. This would be in addition to changes that are currently made on an as needed basis. The manual should also be updated on eServices at the same time.
- B. Merge the Personnel Manual with the Accountability Manual to eliminate any potential redundancies and risk of missed updates.

**Management Response:**

A. The Personnel Policy Manual is updated as needed. The H.R. Director is in constant communication with SHRM and other sources to remain current on legal and best practices affecting policy and makes recommendations for updates, additions and changes as needed. The manual was updated in 2008 with many changes. The entire manual will again be reviewed in 2010.

*Estimated Completion Date:* 2010

*Responsible Party:* H.R. Director

B. The Board and Internal Audit Director had requested a separate Accountability Manual be written by Internal Audit or the Compliance Manager in order to ensure response to government requests to show that the agency is in compliance. Policy

in the Accountability Manual pertinent to the Personnel Policy Manual is included in both. If the Board wishes to re-address this, Human Resources will work with them.

*Estimated Completion Date:* To be determined

*Responsible Party:* H.R. Director

#### **14. Personnel Files**

CR-SDC does not employ a check-out process for personnel files. Note, however, files are not allowed outside of the HR office. This increases the risk of misplacing files containing personal employee information.

Also, Human Resources employees and senior management personnel files are commingled with all employees. This results in HR employees having access to their peer's personal information and more sensitive executive personal information.

#### **Recommendation:**

CR-SDC should consider the following regarding hardcopy personnel files:

- A. Implement a simple sign-out list to track who is in possession of files retrieved from the cabinet or file room.
- B. File HR employee and senior management personnel files in a locked cabinet in the HR Director's office.

#### **Management Response:**

- A. Personnel files are not allowed out of the personnel office areas. Any file accessed by a supervisor or an employee must be given the file by H.R. personnel and must be reviewed in sight and in the personnel office and left in the office.

*Estimated Completion Date:* In effect now.

*Responsible Party:* H.R. Staff

- B. Data regarding all employees are available to H.R. personnel in the on-line personnel system. To move the files would not prevent access to the information and create more difficulty in filing. The CEO's file has been moved to the H.R. Director's office. Unless deemed necessary, would prefer to keep personnel files in one location for consistency and ease of access.

*Estimated Completion Date:* Completed

*Responsible Party:* H.R. Director