



Human Resources

Internal Audit

April 2023



Bernalillo County Human Resources Internal Audit

Executive Summary

Summary of Procedures

REDW performed internal audit services solely to assist Bernalillo County in evaluating processes and procedures in place over the Human Resources Department regarding recruitment, hiring, and onboarding of new hires. Our internal audit focused on evaluating procedures over employee recruiting, hiring, and onboarding practices. We performed analytical procedures over employee hiring and onboarding information to identify trends and/or bottlenecks in the process, as well as to ensure compliance with applicable policies and procedures.

We performed the following procedures:

- Tested a sample new hires to ensure proper documentation was maintained, policies and timelines were adhered to, compensation upon hired fell within the salary range, and analyzed the data for unusual trends and/or bottlenecks in the process.
- Tested a sample of open positions to determine the reason why the position was not filled.
- Gained an understanding of goal progress on the performance, goals, and objectives regarding recruitment, hiring, selection, and onboarding to determine if efficiencies could be gained.

Summary of Observations and Recommendations

As a result of our testing, REDW identified the following observations:

1) *Total Time to Hire*

All 20 new hires tested were not onboarded within the 45-day goal timeline with variances ranging from 46 to 182 days after the application was submitted. HR should establish defined timelines for each step of the onboarding process to ensure expectations are clearly defined so that timelines can be met.

2) *Inconsistent Use of Inactivation Reasons*

When an applicant does not accept the offer with the County, HR and/or the hiring manager has the ability to select an inactivation reason in the NEOGOV portal to remove the applicant from the pipeline. Our testing determined there was no process or requirement in place to ensure inactivation reasons were selected when an applicant declined an offer of employment with the County leading to an absence of a process to have insight into why qualified applicants were declining offers of employment. HR should update their policies and procedures to require the use of proper inactivation reasons when an applicant is extended a job offer and ultimately declines.

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Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

We received excellent cooperation and assistance from the Human Resources Department during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico

July 17, 2023

Bernalillo County Human Resources Internal Audit

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Bernalillo County Human Resources Internal Audit

Report

Introduction

REDW performed the internal audit services described below solely to assist Bernalillo County in evaluating processes and procedures in place over the Human Resources Department regarding recruitment, hiring, and onboarding of new hires. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of processes, it is possible that significant issues related to the areas tested may not have been identified.

An entrance conference was held on January 17, 2023, and fieldwork began the week of February 20, 2023. An exit conference was held on June 29, 2023.

Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

Purpose and Objectives

REDW performed internal audit procedures over the Human Resources Department. Our internal audit focused on evaluating procedures over employee recruiting, hiring, and onboarding practices. We to determine if they are in compliance with applicable regulations. In addition, we performed analytical procedures over employee hiring and onboarding information to identify trends and/or bottlenecks in the process, as well as to ensure compliance with policies and procedures.

Observations, Recommendations and Management Responses

As a result of our testing, REDW identified the following observations:

1) **Total Time to Hire**

Timely onboarding of qualified applicants is critical to ensuring County roles are filled with qualified individuals to further ensure key job functions do not lapse. The timeliness of the process is even more important as the County currently has a 30% vacancy rate and is competing with other employers for the same applicant pool. Once an application is submitted, the applicant is screened by HR and if determined they are qualified, the candidate is sent to the applicable department for an interview and potential selection for hire. The HR Department currently utilizes 45 days as their informal goal from when an application is submitted to when the applicant is onboarded. As a result of our testing, we determined 18 of 20 new hires tested were not onboarded within the 45-day timeline from application submittal to hire. Variances ranged from 46 to 182 days after the application was submitted.

In addition, we determined HR did not have timelines in place within applicable onboarding policies and procedures to ensure expectations were clearly defined regarding how long each step in the onboarding process should take. As a result, we identified several key points in the process that appeared to take longer than usual or did not comply with policy including:

- *Requisition Approval:* Upon approval of the vacancy requisition, which gives permission for HR to post the job to the website, 6 job postings took between 52 to 230 days to be posted after approval.
- *Job Postings:* AI No. HR 04 requires job vacancies to be posted for a minimum of 5 days. 2 job postings were active for less than 5 days. One was active for only one day while the other was active for three days.
- *Application Submission:* Once an application is submitted to HR, HR performs a preliminary qualification review. If the applicant passes, the application is referred to the hiring department. 3 applications remained with HR between 20 to 55 days before being referred to the hiring department.
- *Interview Set-Up:* Upon referral to the department for interview, 9 new hires were not interviewed until 25 to 90 days after the department received clearance to interview. An additional 3 new hires did not have sufficient information in the system for us to determine how long this step took.
- *Employment Offers:* 11 new hires took more than 1 week to receive an offer of employment after the department indicated a request to proceed with hire. Variances ranged from 10 to 64 days after department notification for the job offer to be sent.
- *Desired Start Date:* 12 requisitions tested included a desired start date. 11 of these were not hired by the desired start date, with variances ranging from 2 days to 102 days past.

Finally, we determined limited monitoring processes were in place to evaluate the onboarding process to identify potential bottlenecks, delays, or inefficiencies.

Potential Risk – High: Vacant positions lead to burn out of existing employees and can create operational deficiencies. The absence of a defined onboarding process with applicable timelines and monitoring procedures increases the risk that applicants may not be onboarded within reasonable timeframes and the County may not fill key roles timely. Given that the County currently has a vacancy rate of 30% and no applicants tested were onboarded within the 45-day timeframe, we have escalated the risk to high.

Recommendation: The Human Resources Department should establish defined timelines for each step of the onboarding process to ensure expectations are clearly defined. Once established, documentation should be updated to include the timelines and distributed to department Hiring Managers. In addition, HR should perform training to ensure all applicable parties are aware of the changes to the process and expectations of HR vs. departments when interviewing and onboarding applicants.

Once timelines have been established, HR should implement periodic monitoring over the population of applicants to evaluate if bottlenecks, delays, or inefficiencies are occurring. Any issues should be flagged and addressed promptly to ensure qualified applicants are onboarded timely.

Management’s Response: NEOGov is a challenging system that generally doesn’t track data well which leads to misleading reporting and difficulty in monitoring hiring milestones. For instance, when we repost a position that hasn’t received qualified applications we have to enter a new posting from and to date which overrides the previous dates and results in data that appears as though there was a long time between the req approval and the posting date. Another instance of challenge with NEOGov data is we often have start dates listed but the request to hire is still in a pending status waiting for hiring managers to submit the request. This leads to the conclusion that the hire was made long after the start date.

With the implementation of Workday we have significantly more reliable data and reporting capabilities that give accurate time to hire data along with requisition aging, and other valuable reports that are not currently available. Through the use of this new system we will be better able to monitor hiring progress and identify areas for improvement.

We recognized that the hiring process does not solely live within in the HR Department and have been taking steps to partner with department hiring managers to improve the process and help them successfully fill their positions. In that spirit, we have already created a Workday User Guide for hiring managers that will be rolled out with a hiring manager training to help them understand the process, key process steps, and the importance of their role. We have also identified the standard timeline that it takes for each step of the process to share so that they are aware and know what they can anticipate. We suspect that some of the timelines may improve with the new system and will be watching for any adjustments that may be needed.

We also have plans to develop a hiring manager certification program that would be required for anyone acting in that capacity to ensure that they are fully aware and informed on pre-selection options and techniques as well as the legal nuances that they should be following. HR expects to have a full certification program for hiring managers developed and implemented by December 31, 2023.

2) *Inconsistent Use of Inactivation Reasons*

When an applicant does not get hired with the County after submitting an application, HR has the ability to select an inactivation reason in the NEOGOV software to remove the applicant from the pipeline. Available codes include reasons such as not being the best qualified, declined interview, pursued other employment, etc. Our testing determined there was no process or requirement in place to ensure an inactivation reason was selected when an applicant declined an offer of employment with the County. As a result, there was limited ability to analyze why qualified applicants who were extended job offers were not accepting them.

Potential Risk – Moderate: The absence of a process to ensure inactivation reasons are utilized increases the risk that HR may not have insight into why qualified applicants are declining offers of employment. Since successful hiring of qualified applicants is key to County operations, we have assessed the risk at moderate.

Recommendation: HR should update their policies and procedures to require the use of proper inactivation reasons when an applicant is extended a job offer and ultimately declines. HR should also implement periodic monitoring over the inactivation reasons to evaluate trends in the population of applicants who declined to determine if process changes, additional training, or other steps need to be taken to promote successful onboarding.

Management’s Response: Departments have requested that HR not change the inactivation reason on their behalf. The standard practice has been that the only time that HR indicates a reason for inactivation is when the applicant has not passed screening. When a referred candidate is not selected for a position, it is the hiring manager of the department that makes the inactivation selection.

HR will routinely review what has not been completed and reach out to the departments requesting that they update the candidates status regularly, but HR will not make that inactivation choice for them. The decisions of why someone is not being hired comes from the department, even when rejected for hire due to not passing pre-employment checks.

In the future with the new Workday system HR will monitor how this long standing standard is impacting our ability to see what is keeping people from becoming employed and make the necessary adjustments. It is expected that the hiring manager training will help with this process flaw.

When the move is made to Workday (late July) HR will have much better reporting capabilities than what is currently available, will monitor how information is being captured, and if a process shift is needed. HR expects this to be evaluated and addressed by December 31, 2023.

Process Improvement Opportunity

1) *Onboarding Feedback*

In accordance with the goal plan in place with the OEO, HR was tasked with identifying a process to gain insight into the viewpoint of the candidate when applying with Bernalillo County. Results of the feedback would then guide the remaining tasks related to the goal. In initial planning discussions, it was noted that there is no feedback mechanism currently in place over recruitment, hiring, and onboarding to collect insights from candidates and hiring managers. While the HR Department does have a process in place to evaluate employee feedback upon departure, there was no process to connect with employees post-onboarding to obtain valuable insights regarding the onboarding process. We recommend HR implement a post-onboarding touch point with employees to help gain knowledge regarding what may or may not be working during the onboarding process from an employee's perspective.

Scope and Procedures Performed

In order to gain an understanding of the processes and operations, we interviewed the following personnel:

- Candace Sanchez, Human Resources Administrative Manager

In order to gain an understanding of the processes, we read:

- Administrative Instruction No. HR 01 – Applicant Testing (revised March 25, 2011)
- Administrative Instruction No. HR 02 – Interviews/Offer of Employment (revised May 24, 2017)
- Administrative Instruction No. HR 03 – Personnel Actions (revised March 25, 2011)
- Administrative Instruction No. HR 04 – Filling Vacant Positions (revised May 24, 2017)
- Employment Relations Rules & Regulations – Section 300 – Recruitment and Selection
- Employment Relations Rules & Regulations – Section 400 – Employment Status
- Employment Relations Rules & Regulations – Section 501 – Compensation Plan

We performed the following testwork:

Recruitment, Hiring, and Onboarding – Filled Positions: We obtained listings of jobs posted and filled from January 1, 2022 through December 31, 2022. From a total population of 94 positions filled, we selected 20 and tested to determine if:

- The Position Vacancy Form was received by HR from the Deputy County Manager, Elected Official, County Attorney, or Department Director and HR confirmed that vacancy and approved the requisition;
- The posting was effective for a minimum of five (5) (Section 301) to 21 (AI HR04) working days;
- HR performed an initial applicant screening which resulted in a "Referral List" of all qualified applicants and was submitted to the appropriate hiring manager;
- The hiring manager reviewed the applications of the applicants included on the referral listing and selected a minimum of 3 applicants to interview; and

- From the time of the job posting closing to the date of hire took no longer than the best practice established by HR of 45 days.

In addition, we analyzed the timelines for each milestone in the process to identify where bottlenecks may occur.

Jobs Not Filled: We obtained a listing of all applicants (20,925 total) from January 1, 2022 through December 31, 2022. Utilizing this listing, we analyzed the inactivation reason codes utilized to determine if the reasons were consistently utilized to support why the candidate was not hired.

Recruitment Practices: Utilizing the same samples selected in testing over filled positions, we obtained the original job posting, pay band information, and position salary. In addition, we obtained the PAF for the particular employee upon hire and tested to determine if:

- Compensation was aligned with job posting/designated salary range and grade; and
- If compensation was outside range according to the job posting, documentation was in place to support the increase/decrease for compensation at hire.

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This report is intended for the information and use of Bernalillo County Management, the Audit Committee, members of the Board of Commissioners of Bernalillo County and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

We discussed and resolved minor observations with management and received cooperation and assistance from the Human Resources Department during our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico
July 17, 2023